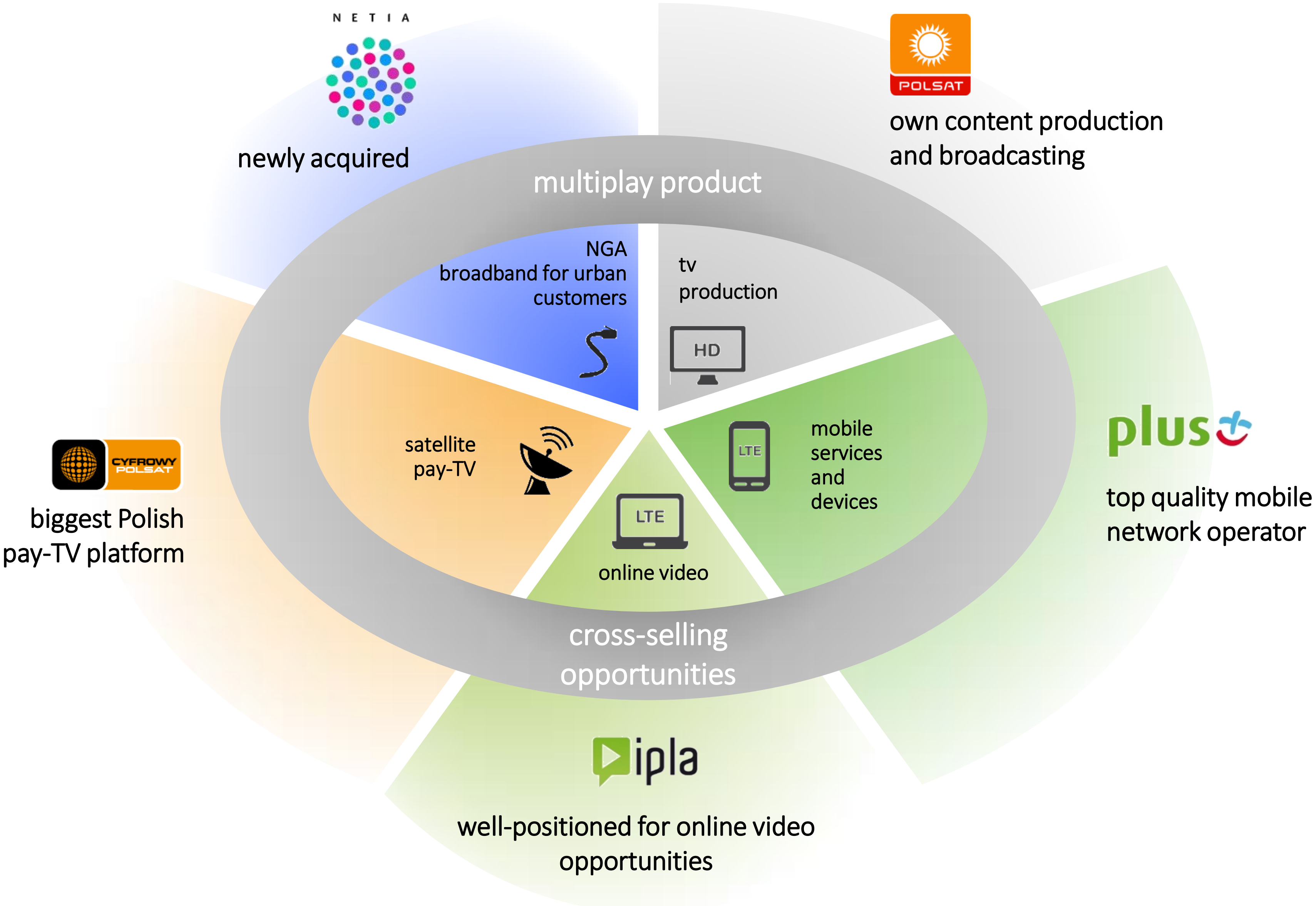
Equity story
Q1'18 results
Investor Presentation

July 2018

Cyfrowy Polsat S.A. Capital Group

1. Polsat Group: unique composition of media and telco assets

Unique market strategy based on complementary business pillars



We head towards creating a fully convergent TV and telco operator

1990 1995 2000 2005 2010 2011 2014 2015 2016 2018

FTA TV
- broadcasting launch 1992
- joined the group 2011

pay TV
- 2003: pay-TV launch
- 2008: IPO

LTE strategy
- frequencies acquired 2007
- LTE 1800 launched 2010
- joined the group 2016

mobile telco
- 2011: acquired by major shareholder
- 2014: joined the group

mobile TV
- joined the group 2011

video online
- joined the group 2012

NGA fixed broadband
- joined the group 2018

Polsat Group today

(1)

Note: (1) previously Midas Group

Control over key assets is essential for executing our long-term strategy

Content production

- ad sales and brokerage house
- loyal viewers
- diversified distribution
- well-established brand
- unique local content
- TV production studios
- broadcasting licenses

Pay-TV & mobile broadband

- multiplay offer based on own products
- contracted customers
- well-established brand
- own and commissioned exclusive sales channels
- customer equipment factory
- satellite broadcasting infrastructure

Mobile voice & broadband

- multiplay offer based on own products
- contracted customers
- well-established brand
- own and commissioned exclusive sales channels
- countrywide mobile infrastructure
- unique portfolio of frequencies

Online video

- potential for upselling to pay-TV and mobile customers
- distribution through fixed and mobile technologies
- key local content on exclusivity basis
- internally developed online platform

Fixed-line broadband

- contracted customers
- strong position on B2B market
- well-established brand
- countrywide backbone network
- attractive wireline access network
- many office buildings already wired

Unique convergent offer among media and telco providers

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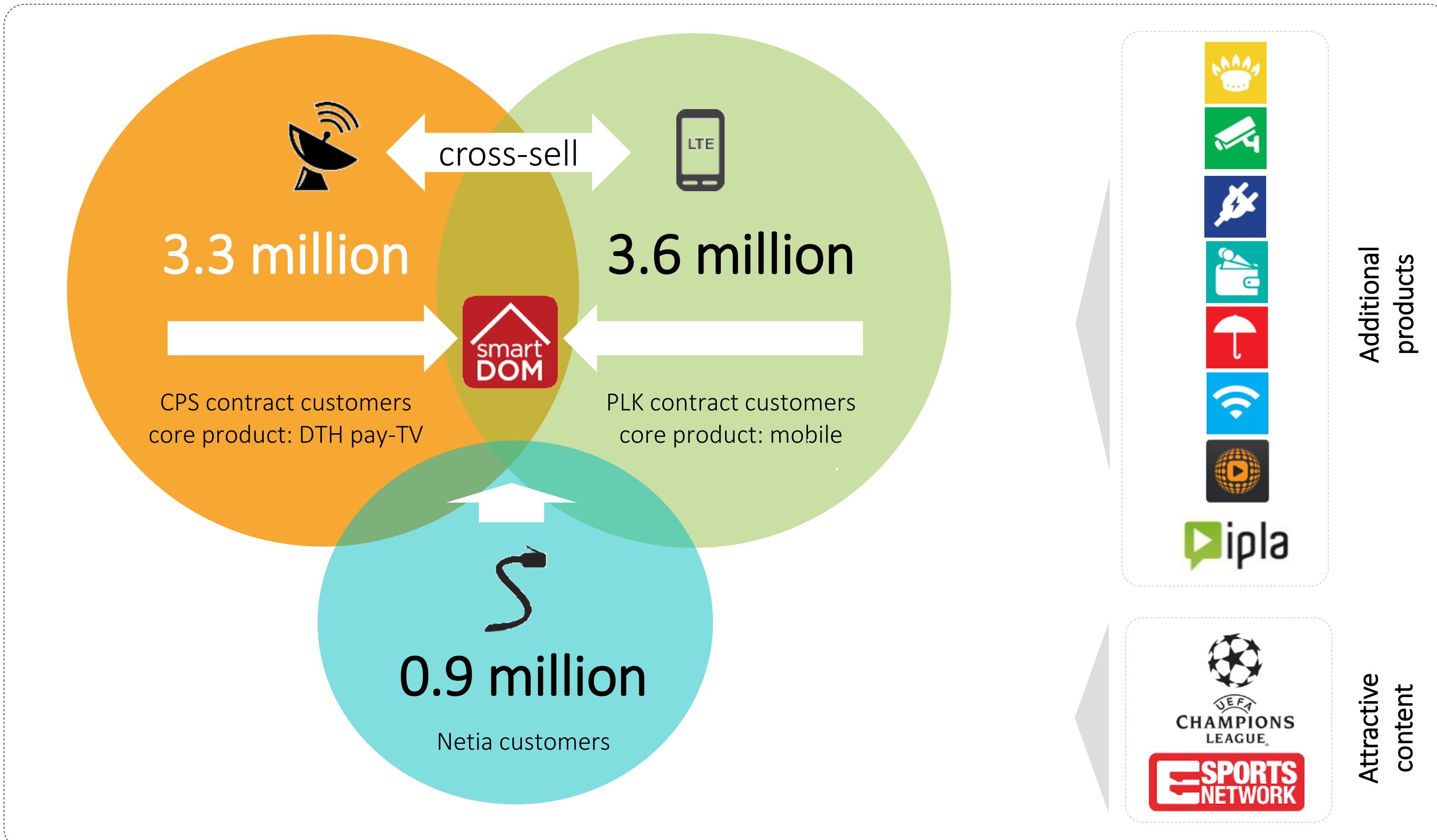
		nc+	upc	T··	orange	PLAY	plus / NETIA / CYFROWY POLSAT / ipla
Key content		✓	✗	✗	✗	✗	✓
Mobile devices		✗	✗	✓	✓	✓	✓
Pay-TV / video	satellite	✓	✗	✗	✓	✗	✓
	cable	✗	✓	✗	✓	✗	✓
Broadband	mobile	MVNO (limited scale)	MVNO (planned)	✓	✓	✓	✓
	fixed	✗	✓	B2B – yes B2C – decadent[1]	✓	✗	✓
Voice	mobile	MVNO (limited scale)	MVNO (planned)	✓	✓	✓	✓
	fixed	✗	✓	B2B – yes B2C – decadent[1]	✓	✗	✓

Source: web pages of operators, UKE.
Note: (1) In the past T-Mobile offered fixed-line B2C products based on BSA/WLR and, based on UKE reports, continues to provide them, however these products are no longer actively promoted.

2. Merging our customer bases provides us with opportunities

Our market strategy focuses on cross-selling services within our joint customer base



Source: Company data

SmartDOM is our key proposition for the underdeveloped Polish multiplay market

reliable
mobile services

NGA
broadband for urban customers

NETIA

the best LTE Internet
for home and mobile usage

other products
for households

banking products,
electricity,
insurance,
security
and many others

smart
DOM

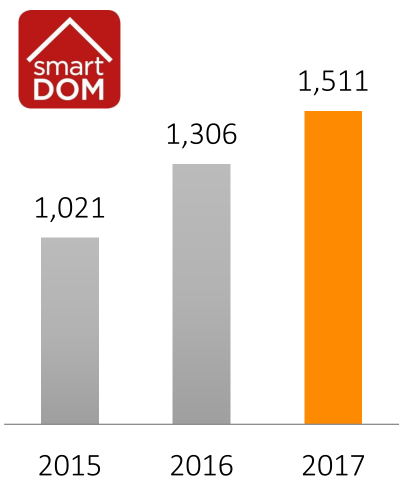
production and aggregation
of attractive content

HD

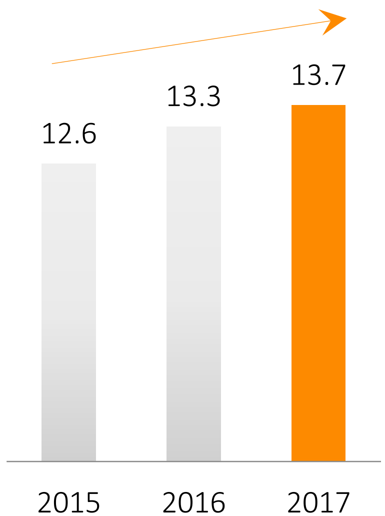
extensive portfolio
of end-user devices

Our multiplay strategy results in ARPU growth and strong customer loyalty

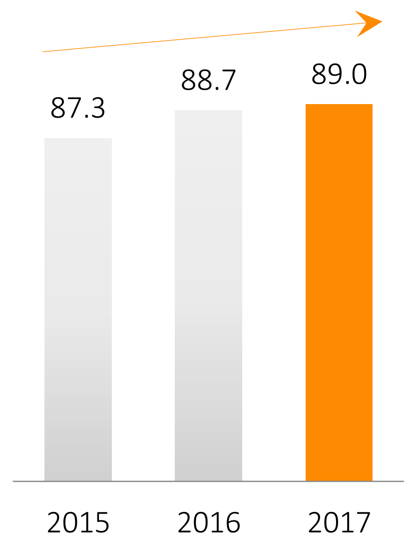
Constantly growing base of multiplay customers



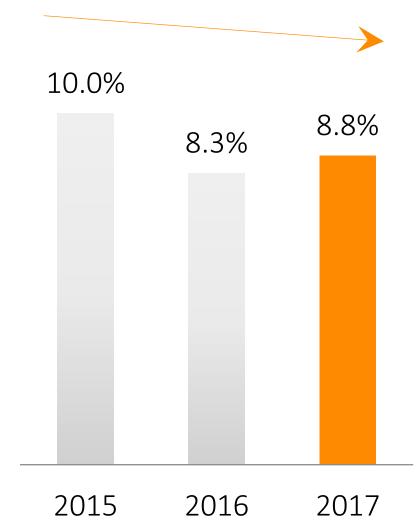
Higher number of contracted RGUs



ARPU per contracted customer up



Low churn



Top-quality sport as a new key marketing differentiator in the mid-term

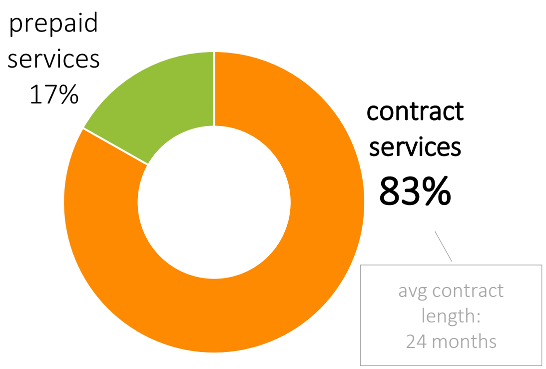
- Exclusive rights secured for 2018-2021
- Polsat project starting in August'18
- 2 dedicated 24/7 channels + 4 premium PPV services
- Utilization in TV, pay-TV, PPV, mobile, OTT
- Formerly killer content for nc+, our major Polish DTH rival

- International aggregator of the most attractive sport rights
- Fast growing start-up: 2 million subscribers in Poland after 3 years since launch
- Subscription based business model
- Control of the Polish entity taken over by Polsat in May'18

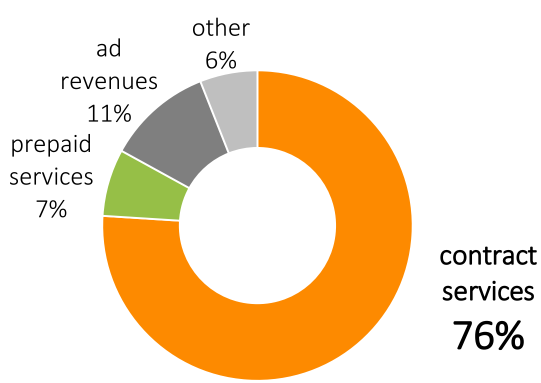
3. Resilient business model with strong cash generation

Focus on contracted services and customer loyalty provides a stable and resilient business model

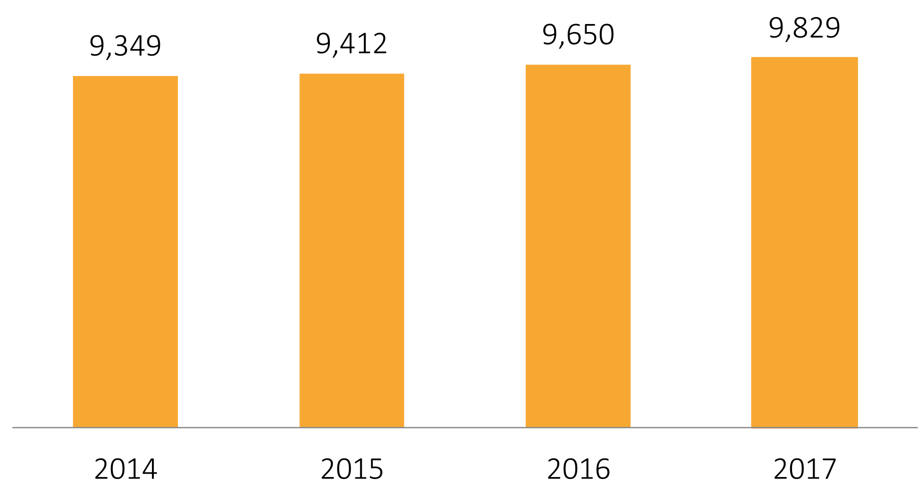
RGU structure



revenue decomposition



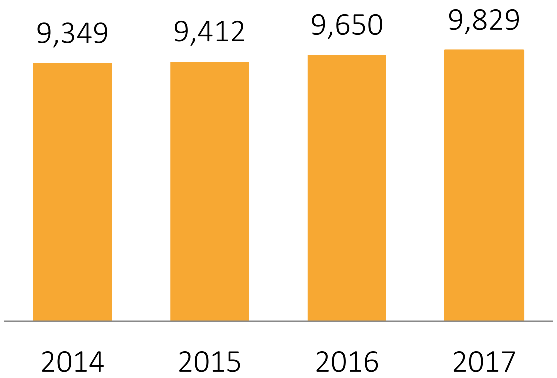
total revenue



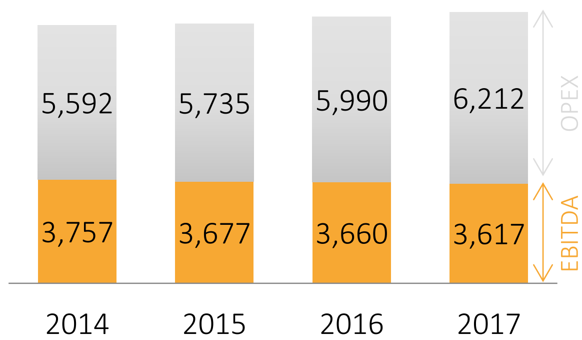
Source: Company data, pro forma for Aero2 acquisition

Stable revenue combined with low CAPEX needs and OPEX under control yields strong FCF

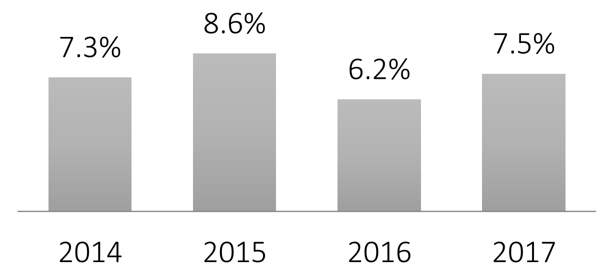
total revenue



OPEX and EBITDA

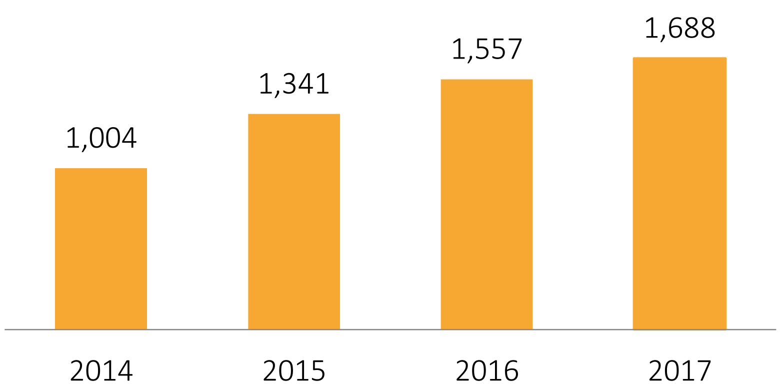


CAPEX intensity



+ continued deleveraging and successful refinancing

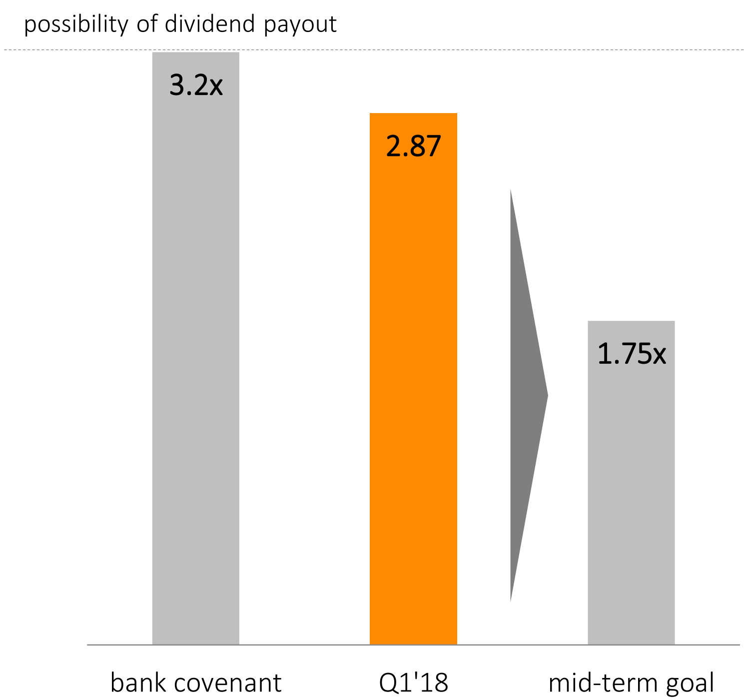
adjusted recurring free cash flow



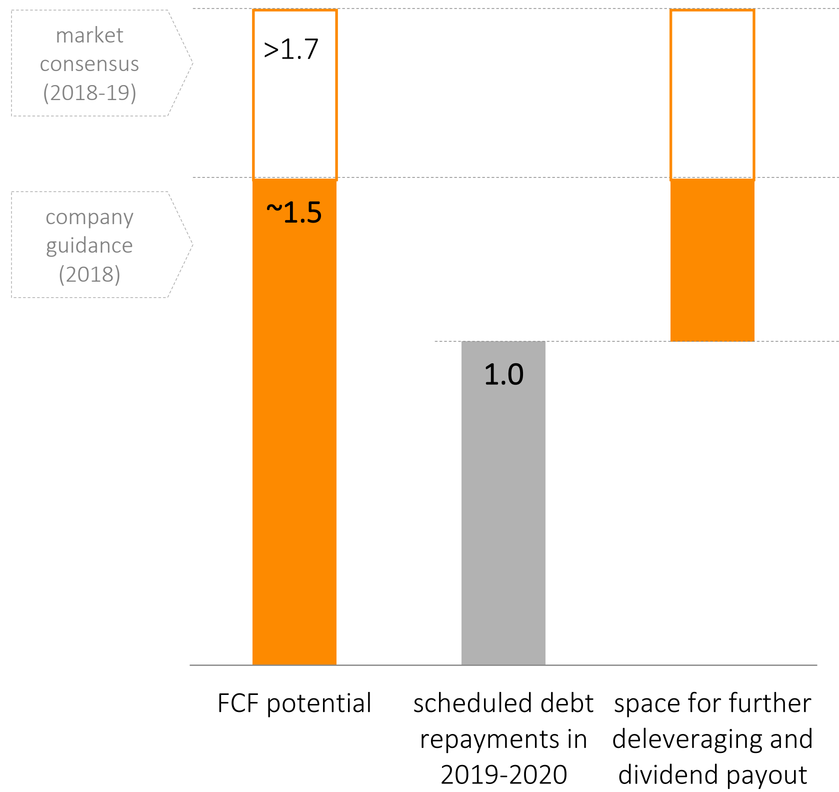
Source: Company data, pro forma for Aero2 acquisition

Strong financials allow for aligning fast deleveraging with dividend payments

Deleveraging remains our priority…



…but profit sharing is likely



Source: company's data

4. Strong track record

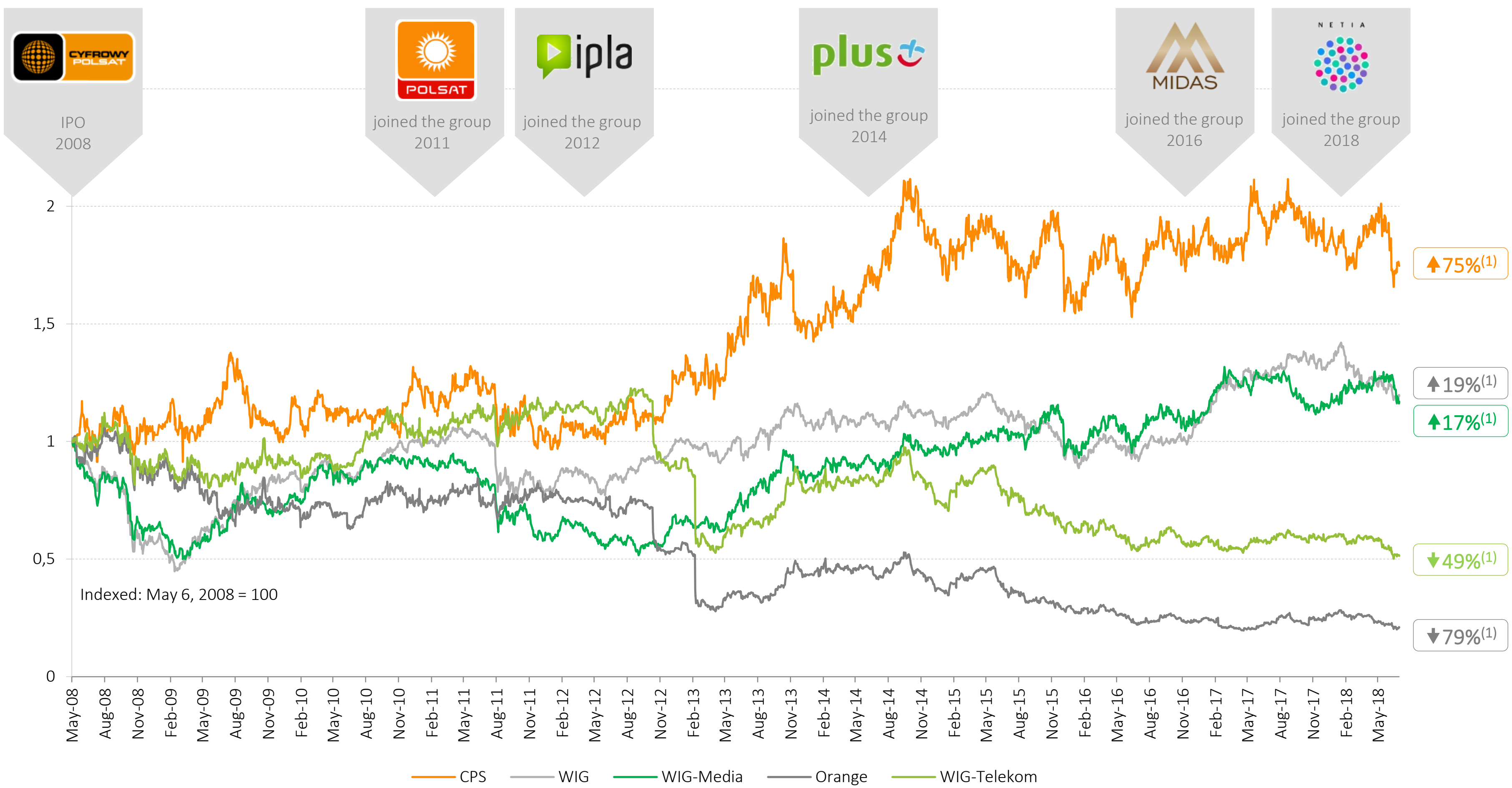
Successful decade of Polsat Group on WSE

spółka notowana na GPW

	Market cap	Revenue	EBITDA
2018	PLN 16.9 bn	PLN 9.8 bn	PLN 3.6 bn
	4.7x	9x	10x
2008 IPO	PLN 3.6 bn	PLN 1.1 bn	PLN 348 m

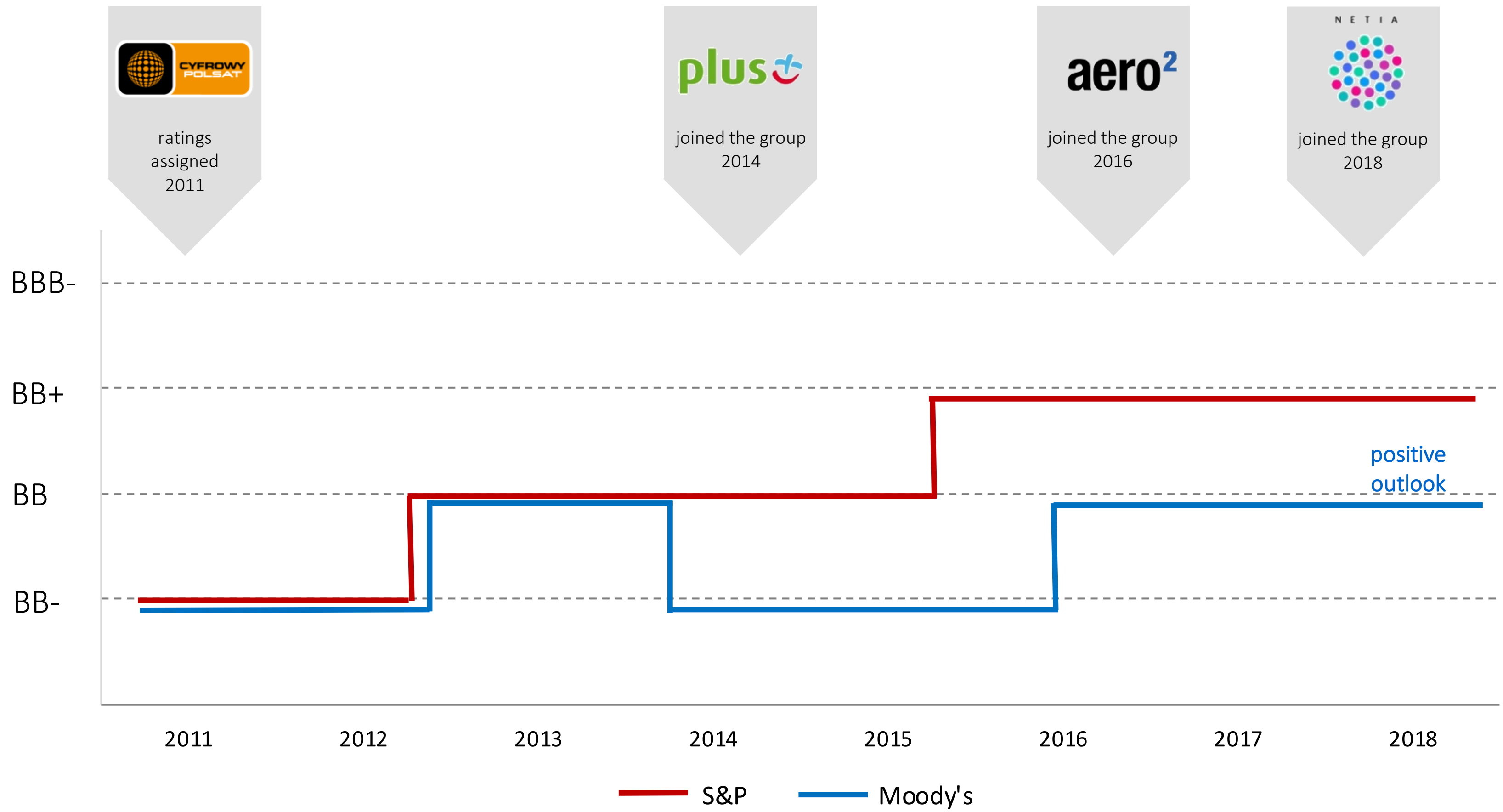
Our strategic investments positively impacted the value of Polsat Group

CPS stock performance since IPO compared to WSE indexes



Note: (1) Growth between May 6, 2008 and July 5, 2018

Our debtholders comfort is equally important to us



We communicate transparently

Open dialogue with investors and brokers

15 brokers actively covering Polsat Group

2014-Q1'18 avg variance of the previews consensus vs actuals:

- revenue: 0.8%
- EBITDA: 2.1%

Management Board and IR team welcome interactions with investors

Our IR activity in numbers:

- ca. 15 national & international conferences and roadshows annually
- ca. 300 meetings with investors annually
- regular visits to London, NY, Boston, Paris, Frankfurt, Prague, Stockholm, etc.
- quarterly result calls conducted in English

We were frequently awarded for our communication

Listed Company of the Year
Top Investor Relations

CEE Capital Markets Awards
"Distinguishing top public companies listed in Central Eastern Europe"

Best IR dept of a listed company – Poland

2018 All-Europe Executive Team
Institutional Investor

- Best IR Program
- Best CFO
- Best IR Professional

(MEDIA sector, in the poll of sell-side representatives)

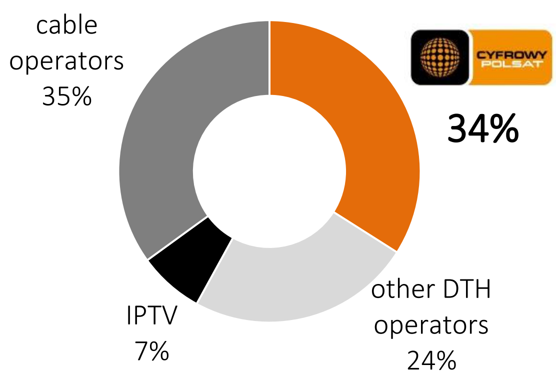
5. Appendix

Current market position on individual markets

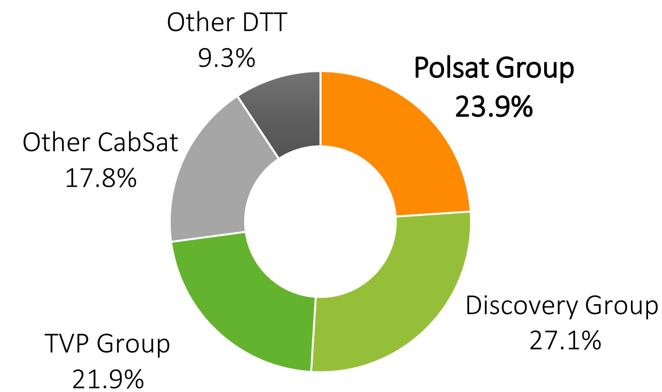
Competitive environment

Pay-TV market in Poland

% share in the total number of paying subscribers(1)

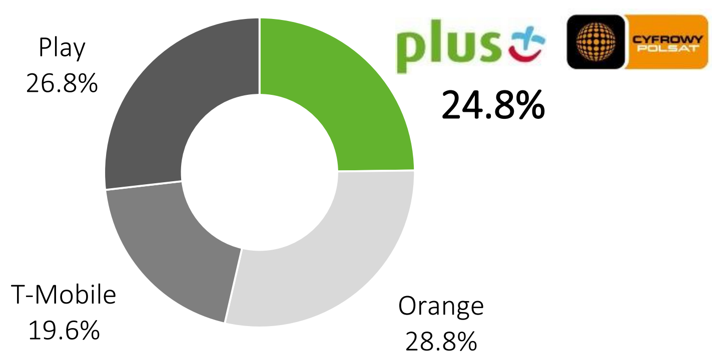


Audience share



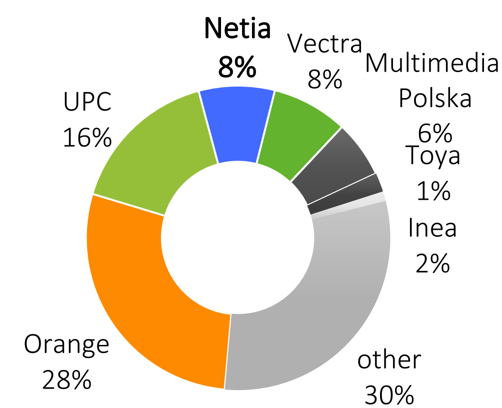
Mobile market in Poland

share of contracted SIM cards(2)



Broadband access market in Poland

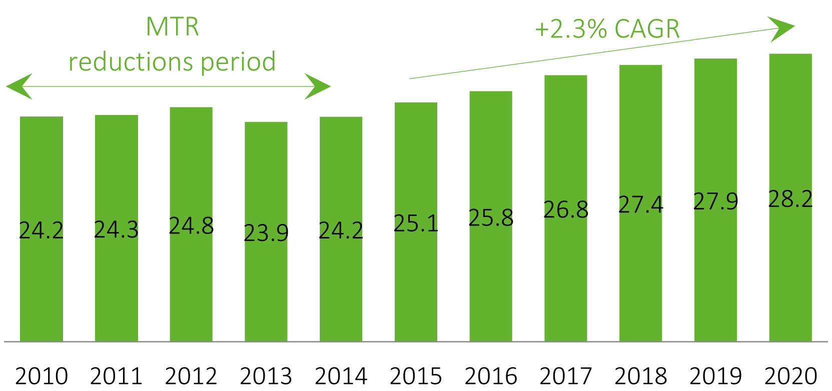
share in the number of subscribers (3)



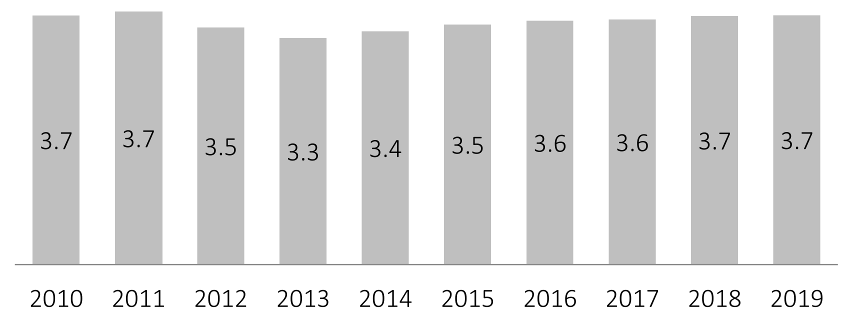
Source: NAM, All 16-49, all day, SHR%, Q1'18, including Live+2, internal analysis
Note: (1) As at 2017, based on own estimates, sector data and PMR estimates
(2) As at 2017, own estimates based on data published by other operators
(3) own estimates based on UKE („Report on the telecommunications market in Poland in 2016")

Market development and forecasts

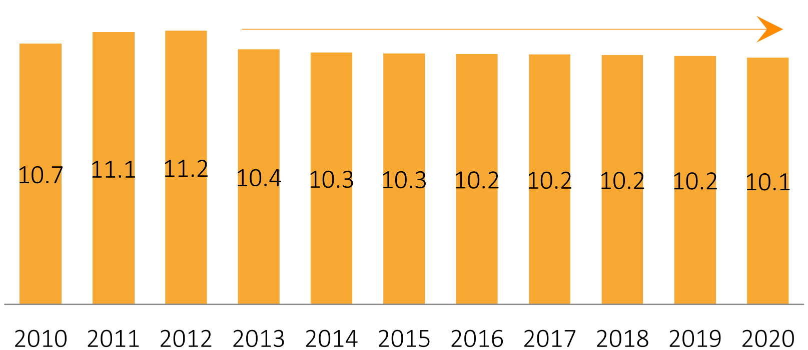
Total Polish mobile market value (bn PLN)



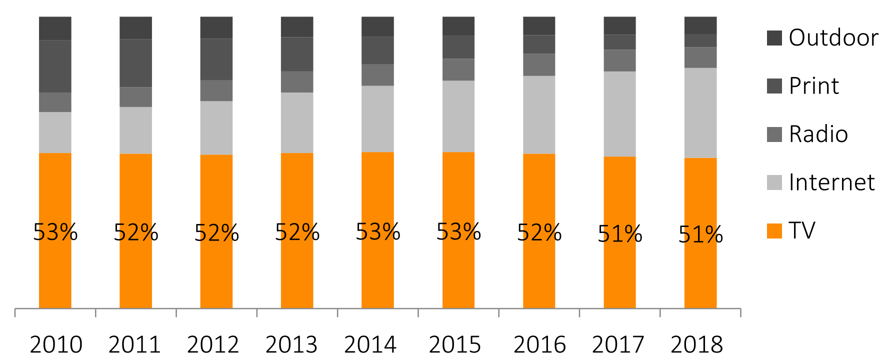
Total Polish TV ad market value (bn PLN)



Total number of pay-TV customers in Poland (million)



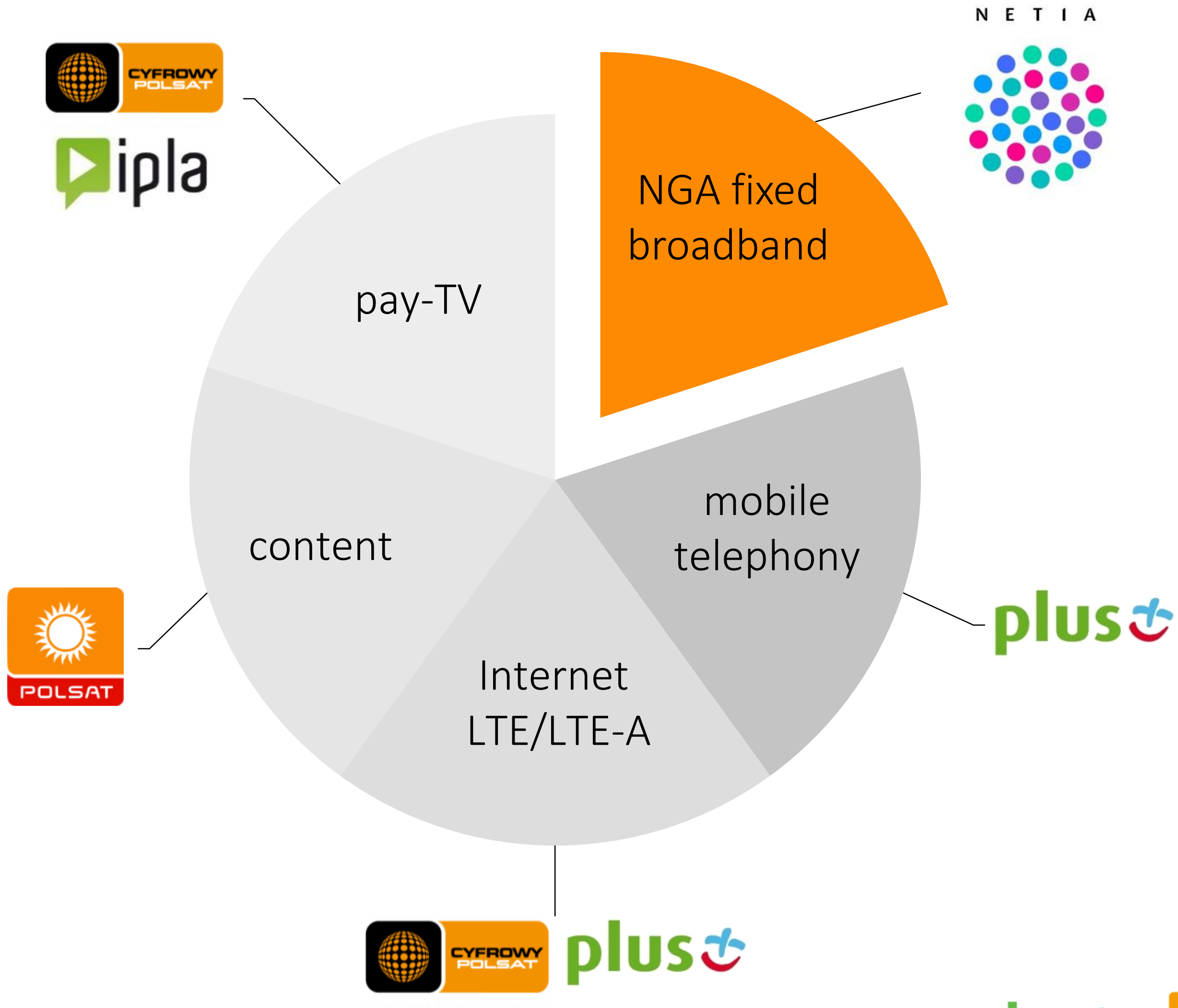
Polish ad market structure



Source: PMR; ZenithOptimedia, “Advertising Expenditure Forecasts – March 2018”

Strategic context
of the investment in Netia

Netia perfectly fits into Polsat Group's mission, vision and strategic goals



Why did we buy Netia?

Valuable infrastructure

Complementary broadband technology, extensive backbone provides higher flexibility in further development of telecommunication network

Attractive customer base

Potential for upselling products on the B2C market, significant strengthening of competitive position on the B2B market

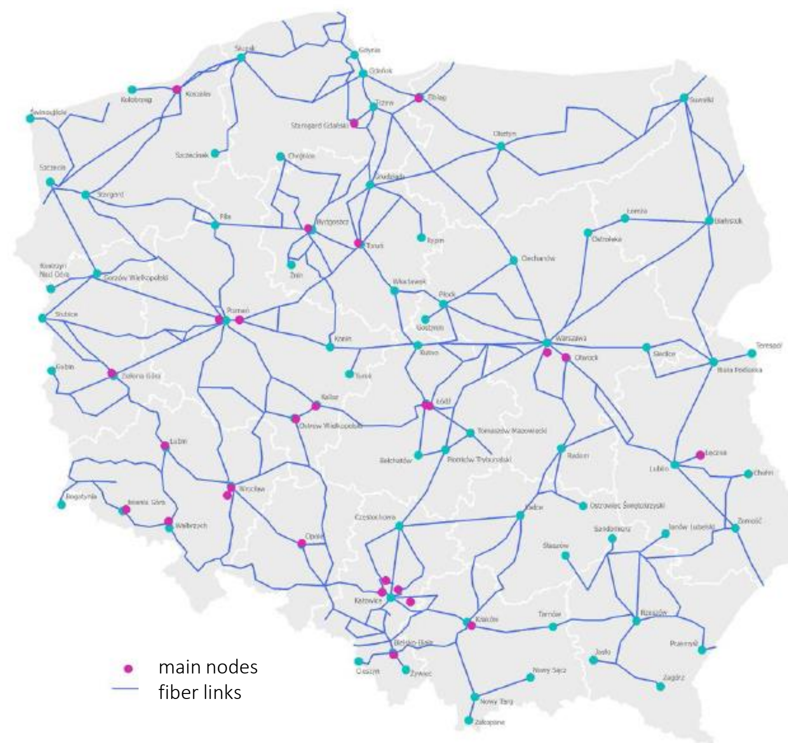
Completely new market

Existing wireline access network already reaching several dozen of the biggest cities in Poland

Valuable backbone infrastructure

- Countrywide fiber-based infrastructure
  - 20k km of fiber backbone network(1)
  - municipal fiber infrastructure wiring 48 biggest Polish cities
- Netia's infrastructure allows for fast and cost-efficient increase in capacity of Polsat Group's mobile network
- Higher flexibility in further planning of telco infrastructure expansion – targeted investments in both mobile and fiber technologies
- Essential for long-term planning of fully convergent network for future

Current topography of Netia's fiber backbone network

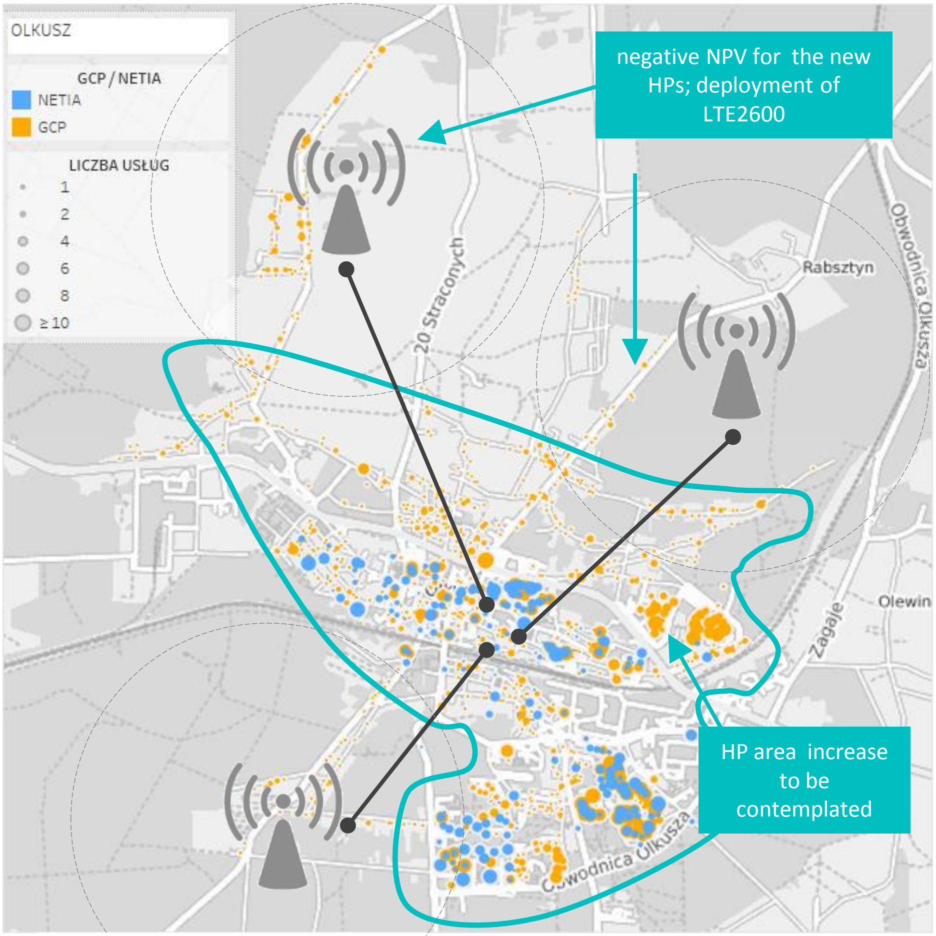


Note: (1) 12k km of own network and 8k km of leased lines

Cost-efficient combining of wireline and wireless technologies

- Netia's extensive network infrastructure not only allows for selectively connecting new households but also for cost-efficient expansion of transmission capabilities for the needs of mobile technologies
- Nearly 70% of base stations in urban areas are located less than 500 meters from Netia's fiber-optic couplers, which offers an opportunity for fast enhancement of the throughput of the transmission network
- The final decision regarding the technologies to be employed depends in each case on the potential of a given market and its competitive situation, as well as the cost analysis

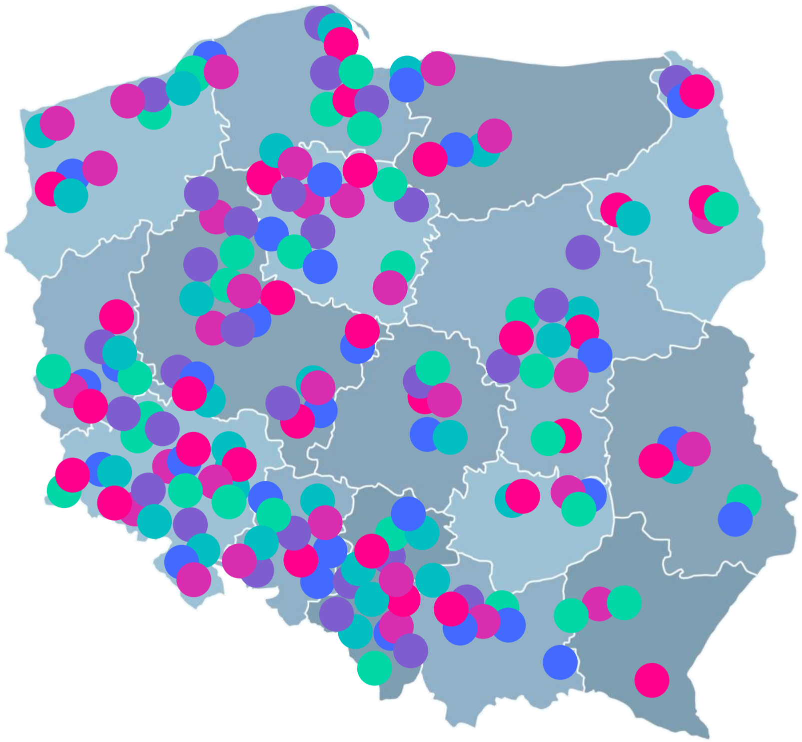
Olkusz (36 k inhabitants, 8.5k homes passed)



Netia's access network reaches ca. 180 cities in Poland

- With over 2.5 million homes passed within the coverage footprint, Netia's access network infrastructure reaches a quarter of towns and cities in Poland.
- At the same time, the current level of commercialization of Netia's broadband infrastructure on the B2C market is only 13%[2], while selected cable operators reach 50%.
- The challenges that Netia faced was its relatively small distribution network (ca. 40 POS's, only in big cities) as well as very limited marketing activity

Netia's existing access network infrastructure[1]

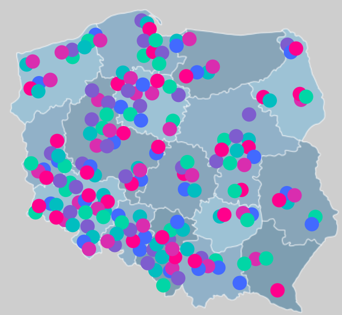


Source: Netia
Note: (1) Includes towns and places where Netia's own access infrastructure reaches at least 100 locations (Homes Passed).
(2) The ratio of broadband Internet access services offered on the basis of own infrastructure to the number of Homes Passed.

Polsat's extensive distribution and advertising potential will help in better monetization of Netia's network

Extensive physical sales network

Nationwide advertising campaign



Netia's access Infrastructure

Netia's infrastructure provides us with access to a completely new market

satellite TV (DTH)

LTE home Internet

cable TV (IPTV)

NGA fixed-line broadband

mobile telephony

video online

Source: company's data

Polkomtel and Netia have complementary assets which are of key importance for B2B customers

	plus	NETIA
Customers	50 thousand companies	20 thousand companies
Revenue	ca. PLN 950 million p.a.	ca. PLN 750 million p.a.
Services	Mobile services and devices, machine-to-machine solutions, SMSC	Dedicated services for major sectors of the economy (finance, banking, public sector, real estate, transport, electricity, etc.), data transmission, colocation, IN networks, ICT solutions
Sales resources	Around 90 dedicated key account managers and some 360 authorized sales advisors	Dedicated B2B sales team, technical team able to offer tailor-made complex solutions
Infrastructure	The best nationwide mobile network, selective investments in wireline solutions only for selected customers	Extensive backbone network, 48 metropolitan networks, existing cable installation in 70% of the major Polish office buildings

Long-term relations with B2B partners

Acquisition of Netia markedly improves our competitive position on the B2B market

	plus	plus + NETIA
Mobile voice services	✓	✓
Mobile Internet access	✓	✓
M2M solutions	✓	✓
Smartphones offer	✓	✓
SMSC gateway	✓	✓
PBX's for companies	✗	✓
Fixed Internet access	✗	✓
LAN network	✗	✓
Cloud services	✗	✓
Data Center collocation	✗	✓
Dedicated products for selected industries	✗	✓

Expected cumulated synergies in 2019-2023 – ca. PLN 800 million in total

CAPEX

- Internal production of set-top-boxes, modems and routers
- Exploiting the negotiation potential of a combined entity
- Efficient investments in further expansion of telecommunication infrastructure

CAPEX synergies

min. PLN 250 m

Revenue

- Expanding the smartDOM offer with FTTH/DOCSIS-based products
- Mutual cross-selling of products and services to joint bases of B2C and B2B customers
- Increasing efficiency of Netia's sales through Polsat Group's extensive distribution network
- VAS and new products of the group, e.g. IPTV

OPEX

- Scale effect in optimizing content acquisition costs
- Improved effectiveness of marketing activities
- Optimization of costs of sales, customer care and retention
- Reducing the number of POSs (eliminating overlaps)
- Reduced technical costs, incl. wholesale access to external infrastructure and MVNO costs
- Integration of technical and IT departments
- Other, incl. back office

EBITDA synergies

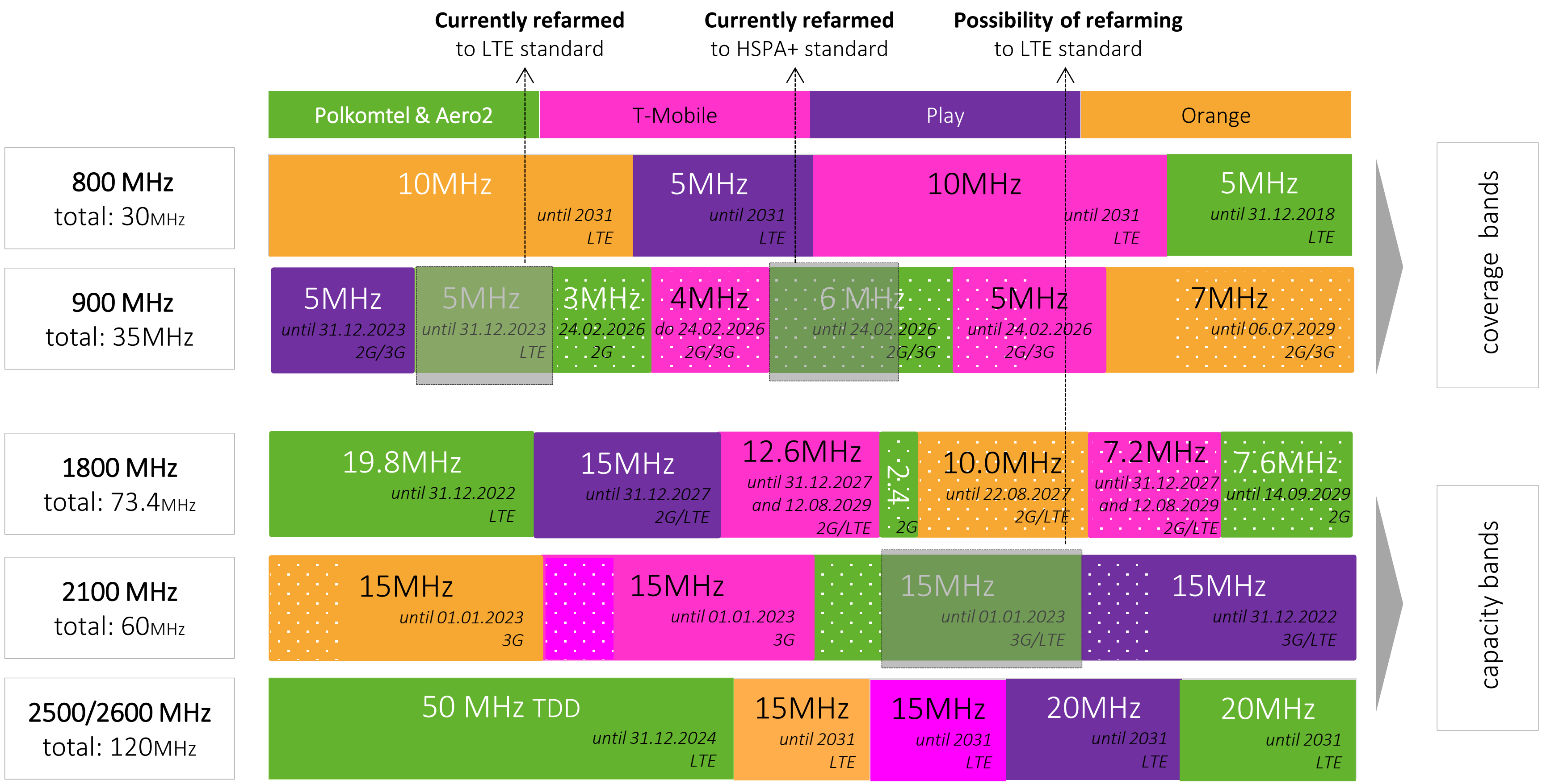
ca. PLN 550 m

Network roll-out – strategic directions

Key assumptions relating to mobile network roll-out strategy

Implications of the auction	• In the Polish auction run in 2015-16, the 800MHz frequency band reached the highest prices in Europe • Polsat Group's analyses indicated that cooperation with entities who purchase radio frequencies at such a high price would be unprofitable and irrational for the company as well as its customers • A scenario of broader cooperation based on technology and service equivalence could result in a change of these business assumptions
Sferia's license	• Through a majority 51% stake in Sferia, Polsat Group has a 5 MHz block in the 800 MHz frequency band, the reservation of which expires on 31 December 2018 • Prices in the 2015 auction will constitute the basis for the valuation of the cost of the renewal of the reservation • According to Polsat Group, the renewal of Sferia's reservation at this price it is not economically justified
Further network development 2018	• Roll-out based on the existing frequency resources of Polkomtel and Aero2 • Refarming of 900 MHz (concluded) and eventually 2100 MHz frequency bands • Up to 6k BTSs of LTE900 to be on air by the end of 2018 will fully substitute for LTE800 in case Sferia's block needs to be returned • Continued LTE1800 roll-out supported by 2600 MHz bands and ODU-IDU technology

Stable, favorable competitive position

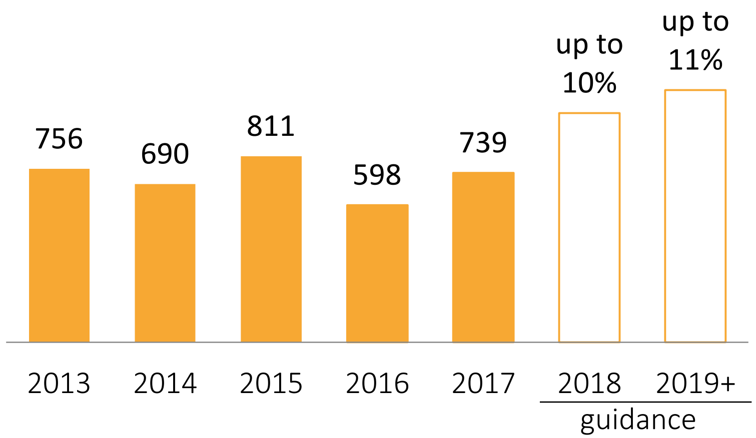


Dotted squares represent frequency blocks used mainly for voice services, while solid filling represents frequency blocks used mainly for data transmission; 2G: GSM/GPRS/EDGE, 3G: UMTS/HSPA/HSPA+

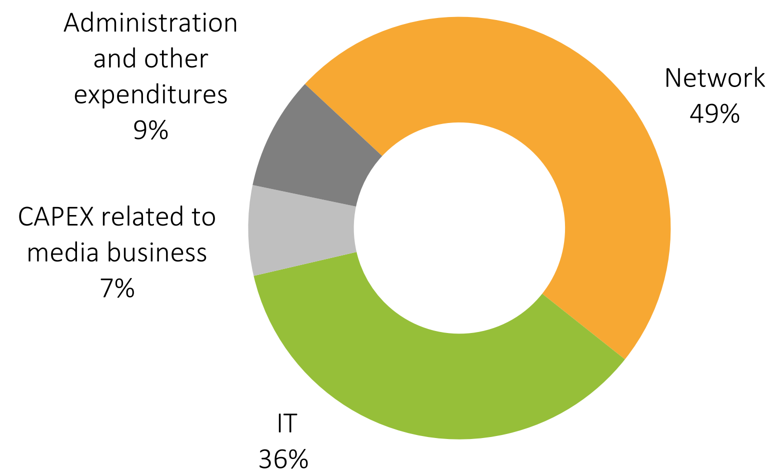
Source: UKE, own expertise
Only main frequencies are presented (excluding: Polkomtel's 2.5MHz 420MHz, each of the 4 biggest MNO's 5MHz 2100MHz TDD)

Capex excl. frequencies ranged between PLN 600-800 million in the past

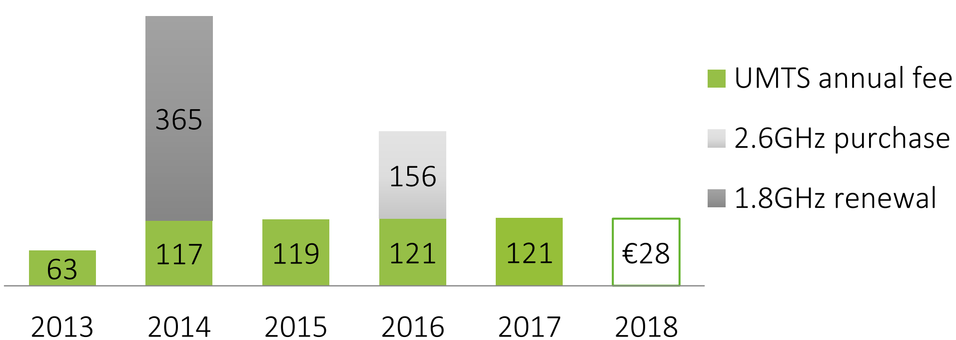
Pro forma cash CAPEX and guidance



CAPEX decomposition in 2016-2017



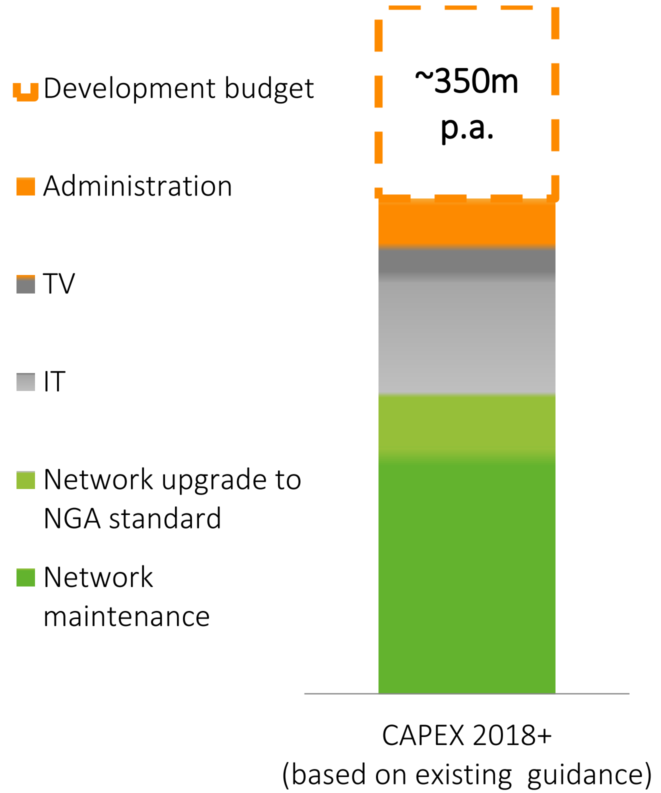
Frequencies related payments (PLNm/EURm)



Our CAPEX guidance gives us flexibility in allocating resources for further development

- Each year Polsat Group will have PLN 300-400 million of flexible CAPEX budget which can be used for development in a selected area
- Assuming the average cost of connecting an HP at 500 PLN (based on a market benchmark), the above budget would enable the expansion of fiber-optic network coverage to 700 thousand new HPs, which means growth of Netia's existing access network by ca 25%
- In reality, the available budget will be also competed for by development/roll-out projects for the mobile network (e.g. expansion of LTE-Advanced network, investments in LTE2600, etc.), which will be implemented interchangeably for the purpose of rolling out a complementary, cost-efficient network

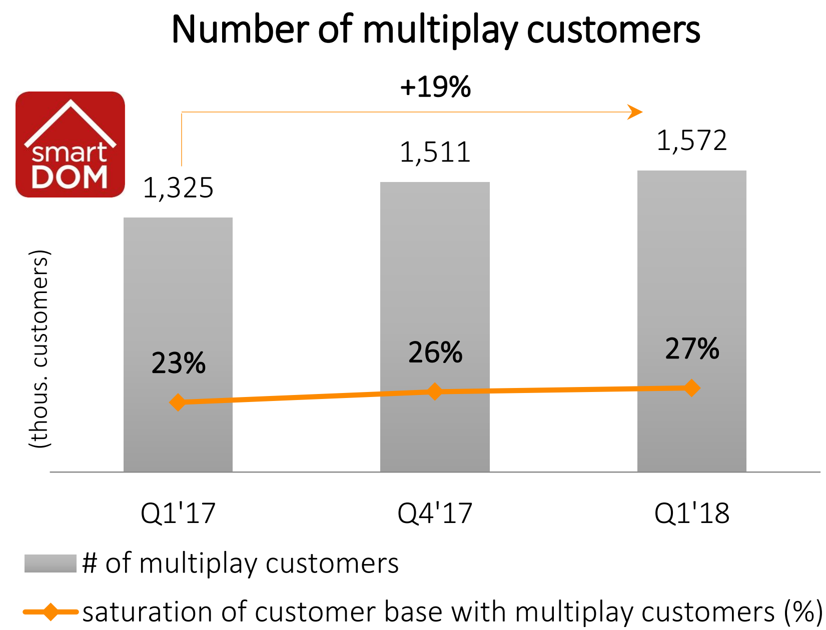
Mid-term guidance for CAPEX:
up to 11% of revenue

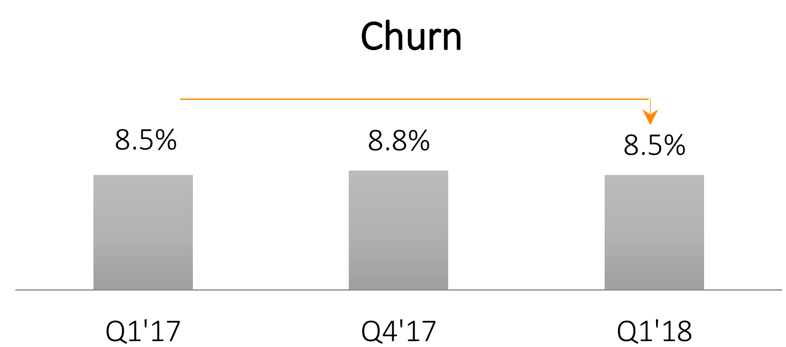


Long-term business performance trends

Already nearly 1.6 million of our customers use multiplay offers

- Consistent implementation of the multiplay strategy results in a stable increase in the number of customers of bundled services by 247K YoY
- The number of RGUs owned by these customers increased to 4.7m
- Low, stable churn, mainly due to our multiplay strategy





Quarterly RGU growth of individual product lines

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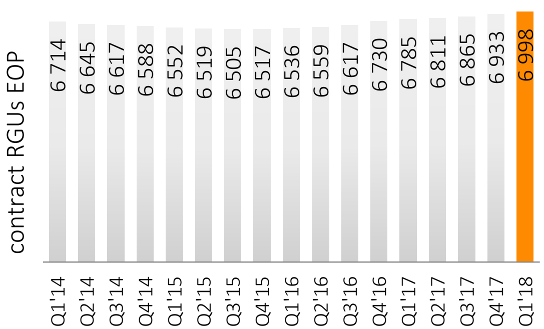
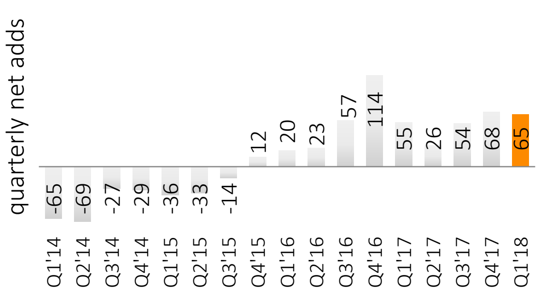
Mobile telephony

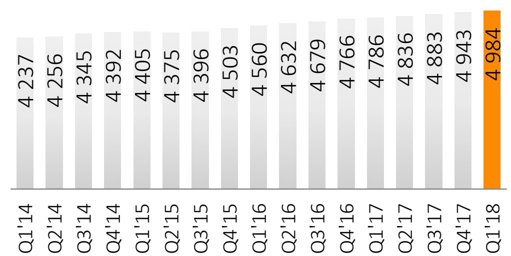
our aspirations: to stabilize the base ✓

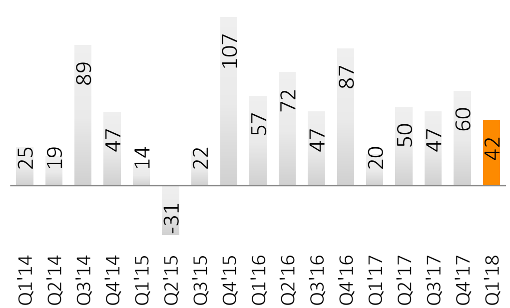




Pay-TV

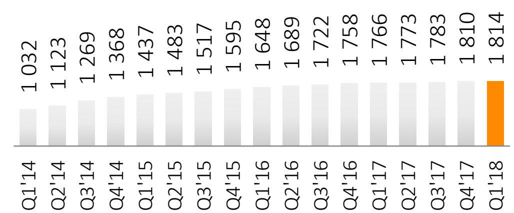
to sustain organic growth ✓

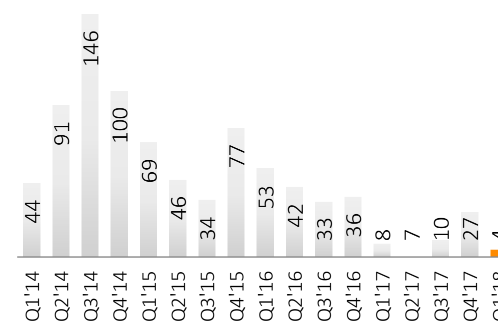




Internet

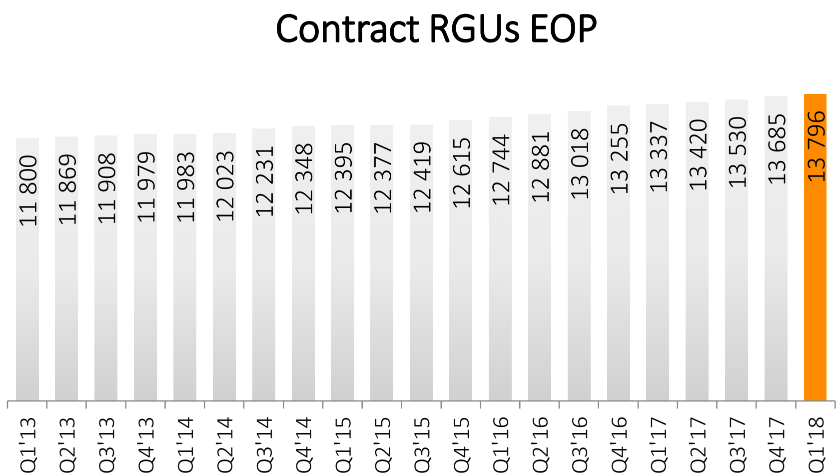
to grow fast based on our competitive advantages ✓

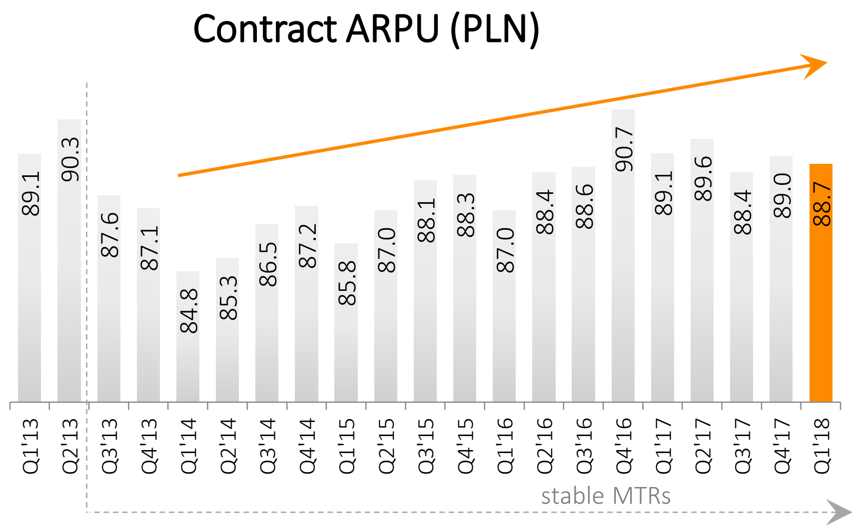




plus POLSAT ipla

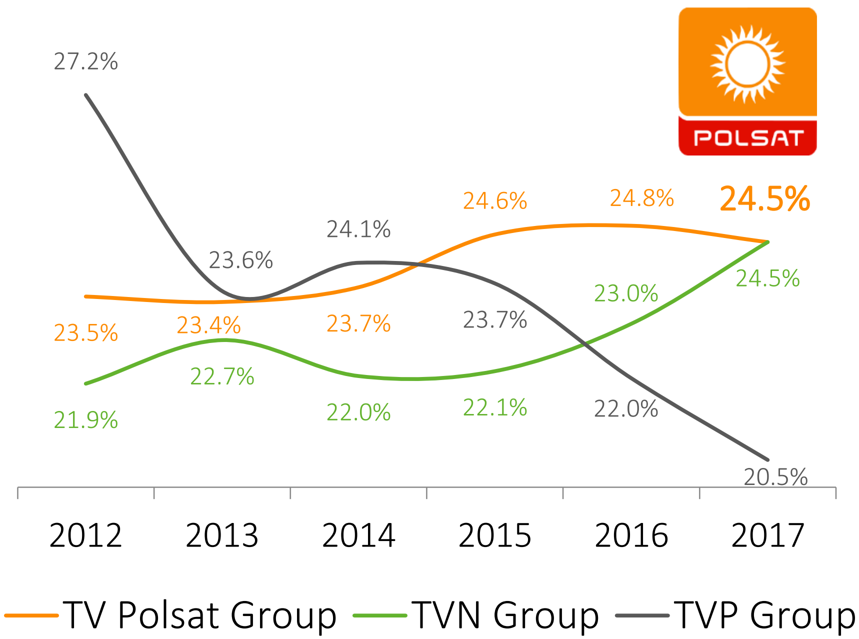
Multiplay supports the continuous growth of the number of services and ARPU



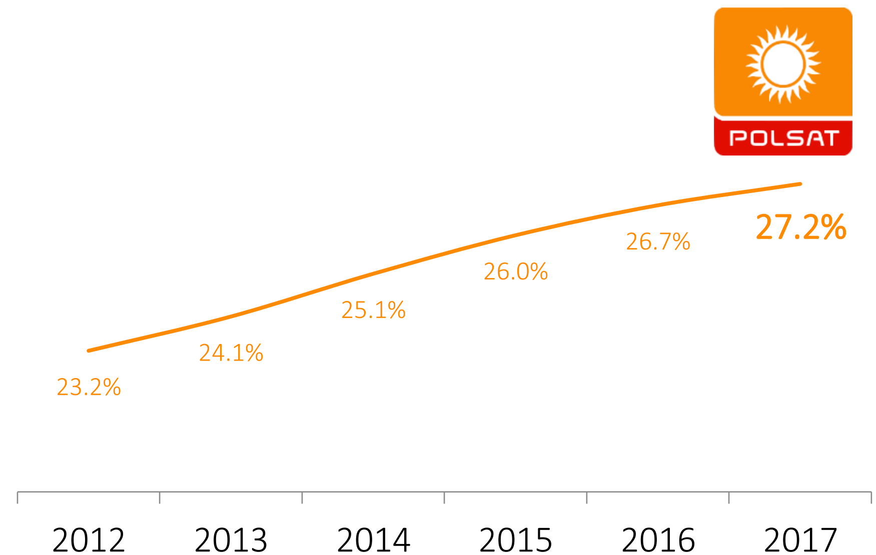


TV Polsat successfully monetizes its strong viewership results

Audience shares



TV ad market shares



Source: audience share: NAM, All 16-49, all day, SHR%; ad market share: revenue from advertising and sponsoring of TV Polsat Group according to Starcom's definition; internal analysis

Monetization of newly acquired football content

Monetization of UEFA Champions League and UEFA Europa League (retail offer)

offers since July 2018

2 dedicated sports channels – no ads, just exclusive football content

4 premium PPV services – full flexibility in viewing your preferred matches

Polsat Sport Premium package

3 seasons (2018-2021) ➔ 1,029 matches broadcasted/streamed live

pay TV packages

PLN	basic offer	+ Polsat Sport Premium + Eleven Sports HD	new offer - full price	
lowest package	20	+40	= 60	2-year contract
medium package	60	+20	= 80	
premium package	120	+0	= 120	

mobile VAS offers

PLN	basic offer	+ IPLA Polsat Sport Premium	new offer incl. IPLA Polsat Sport Premium	
mobile voice offer	30-50	+20-40	= 70	2-year contract
mobile data offer	30-70	+20-40	= 90	

incl. unlimited streaming of Polsat Sport Premium

open OTT

available for our and external customers

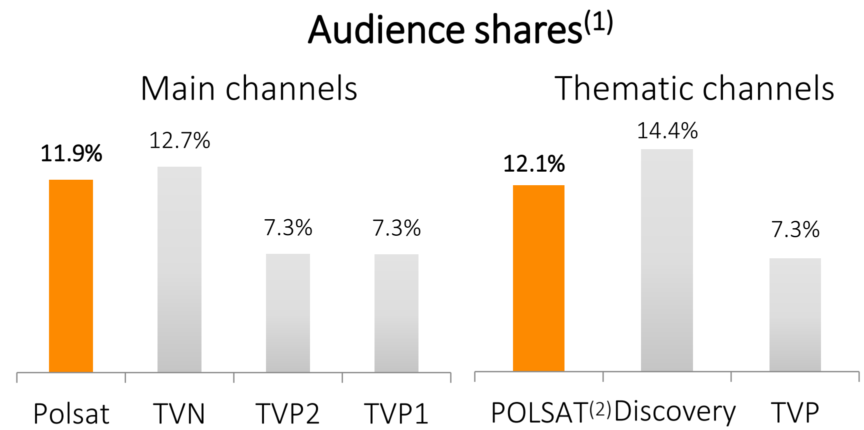
- **one season** subscription: **PLN 360**
- selective purchase: **PLN 40 per 7 days**

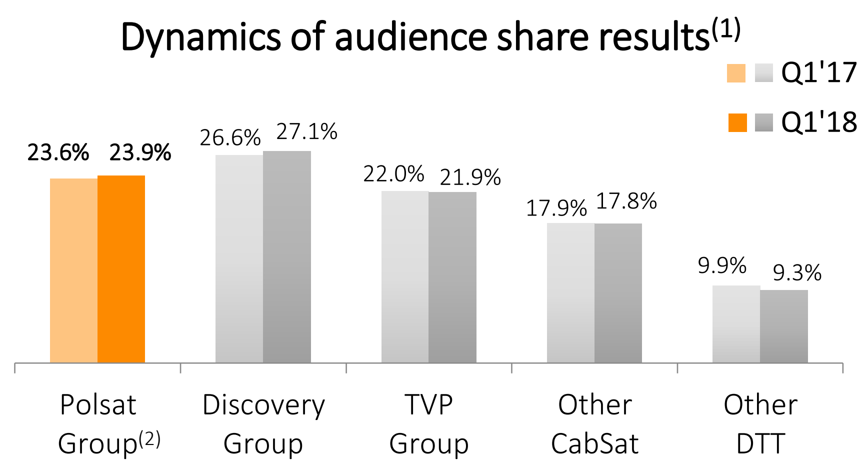
Q1’18 operational performance

a. Broadcasting and TV production

Viewership of our channels in Q1’18

- Polsat Group’s viewership in line with its strategy
- Discovery Group's viewership includes TVN channels



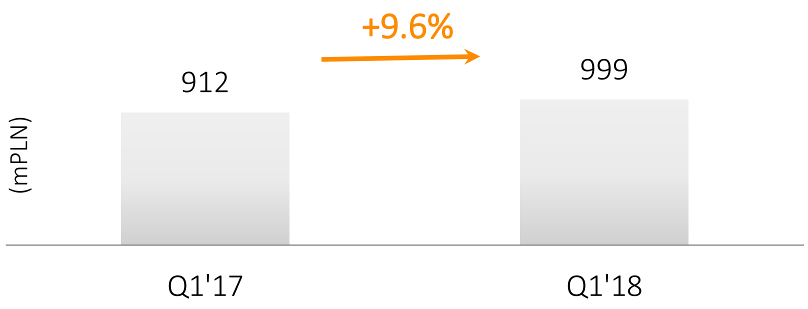


Source: NAM, All 16-49, all day, SHR%, including Live+2[1], internal analysis
Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)
(2) Excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat

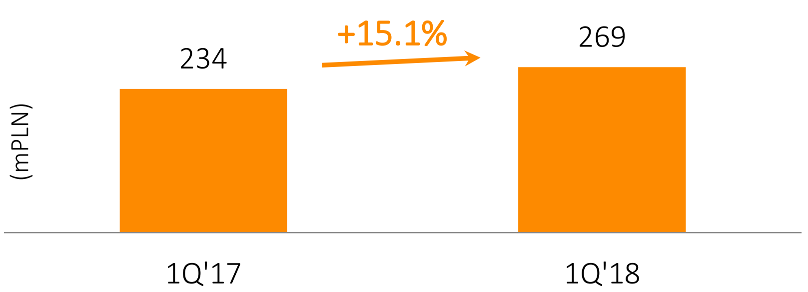
Position on the advertising market in Q1'18

- Revenue from TV advertising and sponsorship generated by Polsat Group grew by 15.1% while the market grew by 9.6% YoY
- Dynamic growth of revenues of Polsat Group supported by the fast achievement of synergies announced at the time of the acquisition of the new TV channels
- In effect, our share in the TV advertising and sponsorship market increased to 26.9%

Market expenditures on TV advertising and sponsorship



Revenue from advertising and sponsorship of TV Polsat Group(1)



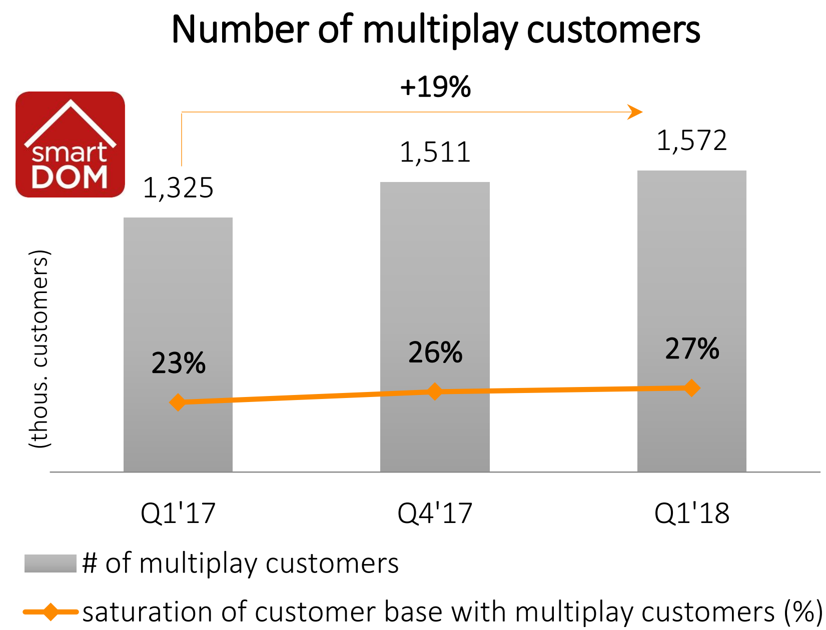
Source: Starcom, preliminary data, spot advertising and sponsorship; TV Polsat; internal analysis
Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Starcom's definition

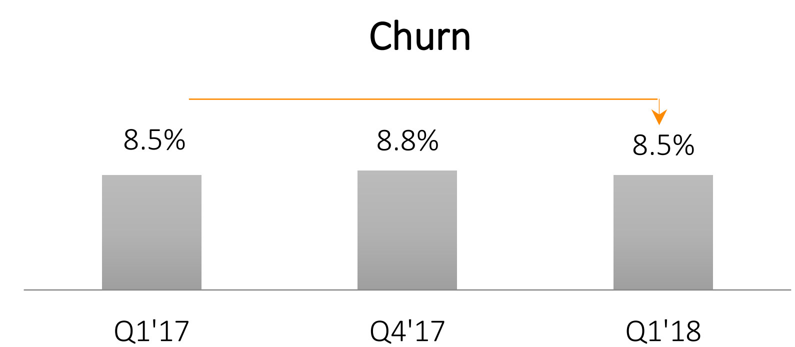
Q1’18 operational performance

b. Services to individual and business customers

Already nearly 1.6 million of our customers use multiplay offers

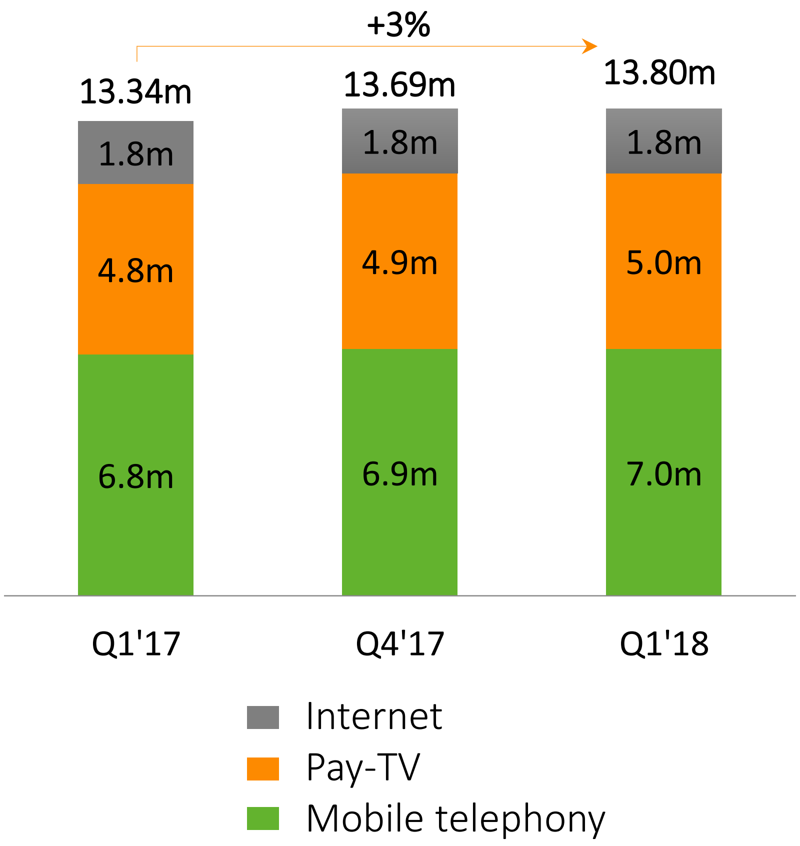
- Consistent implementation of the multiplay strategy results in a stable increase in the number of customers of bundled services by 247K YoY
- The number of RGUs owned by these customers increased to 4.7m
- Low, stable churn, mainly due to our multiplay strategy





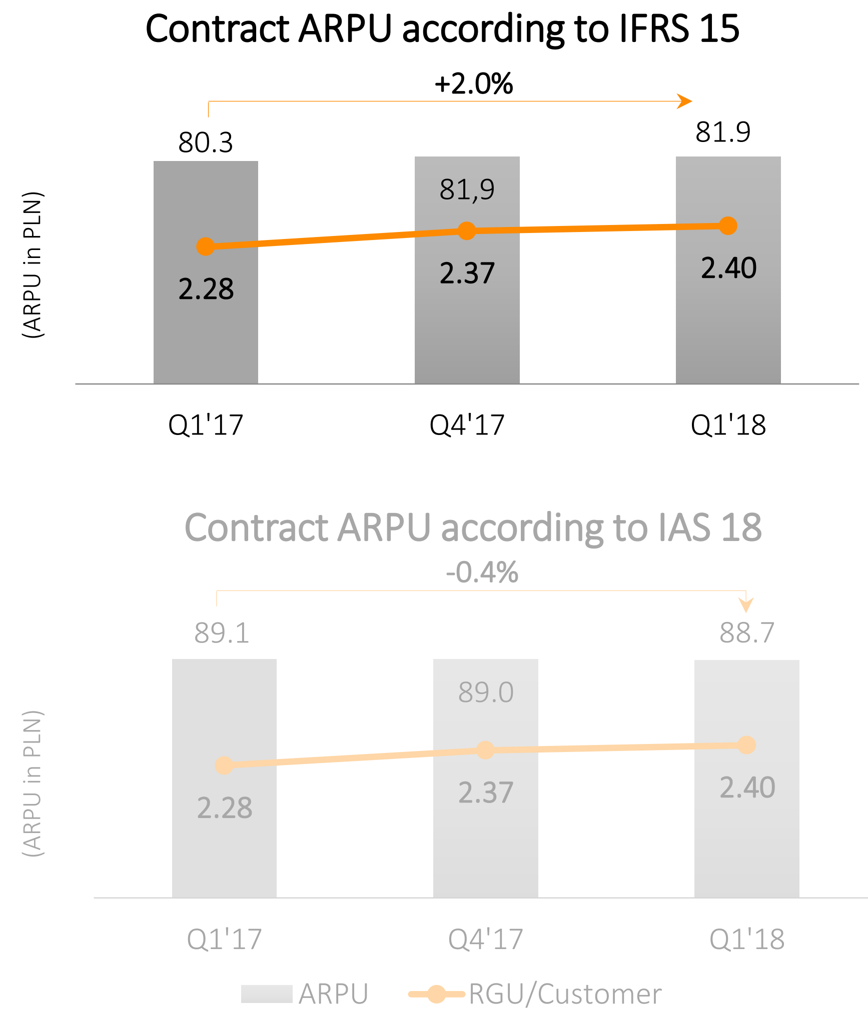
Stable growth in contract services

- Increase in the number of contract services by 459K YoY
- 213K additional contracts for voice services (YoY) thanks to the positive effect of our multiplay strategy and the new, simple tariffs launched by Plus in February 2018
- Pay-TV RGUs increased by 198K YoY (multiroom and paid OTT effect)
- Further growth in Internet access RGUs by 48K YoY



Growth ARPU in spite of RLAH regulation

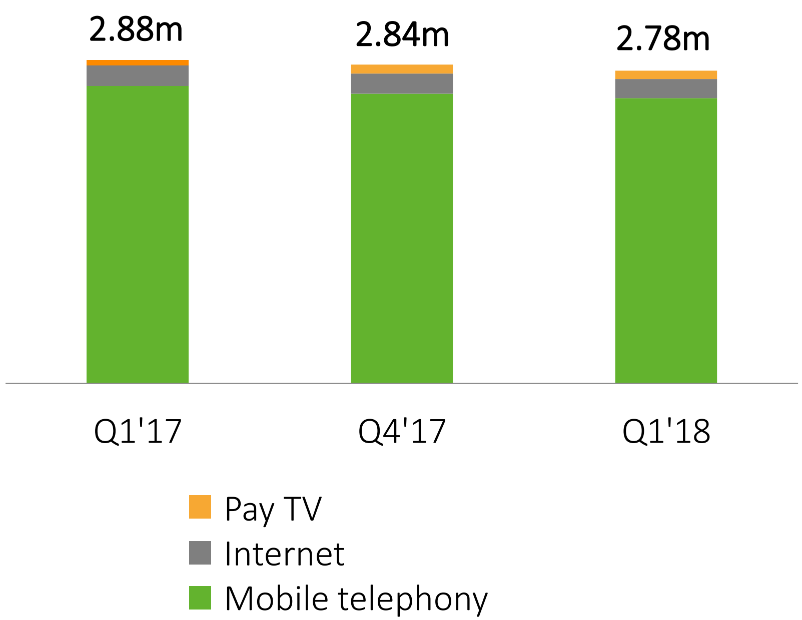
- ARPU increase by 2.0% YoY[1] despite the negative impact of the RLAH regulation
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio

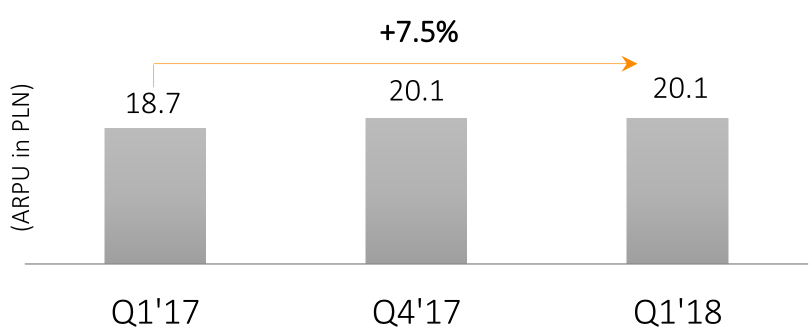


Nota: (1) ARPU calculated according to applicable accounting standard IFRS 15

Prepaid: growing ARPU, stable base

- Stable prepaid base of 2.8m services, reflecting the actual number of users of prepaid services
- Dynamic growth of ARPU resulting largely from the expiration of the effect of registration-related promotions

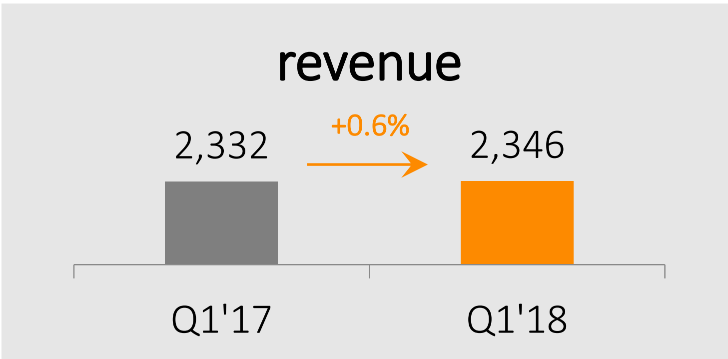


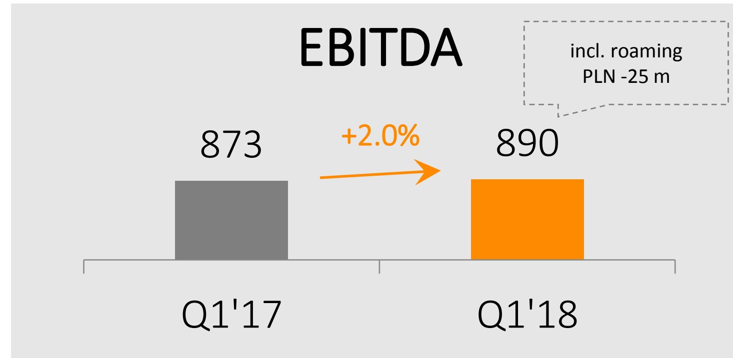


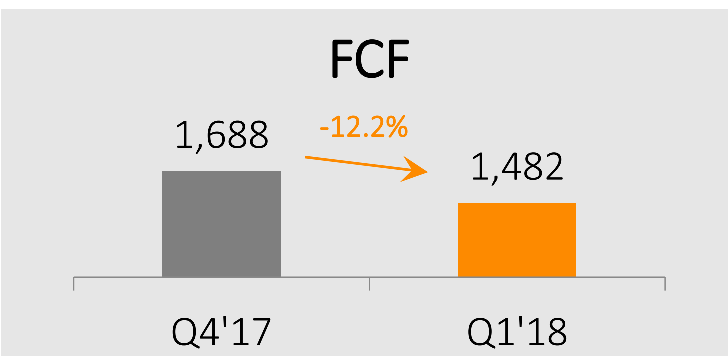
Q1'18 financial results

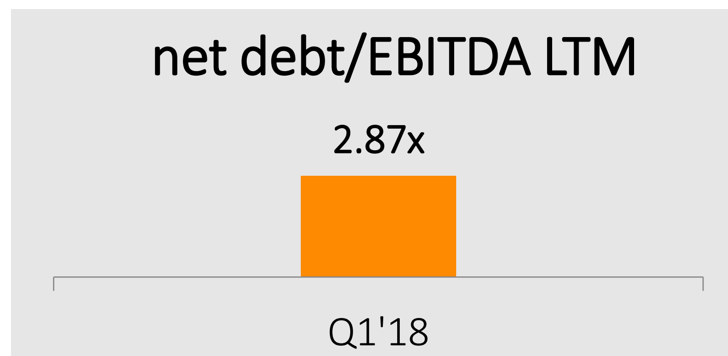
Results of the Group in Q1’18

Based on currently applicable IFRS 15 standard







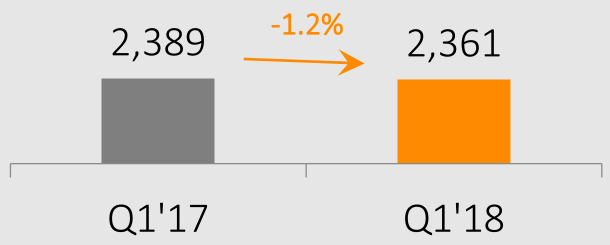


Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and own estimates relating to Q1’17.

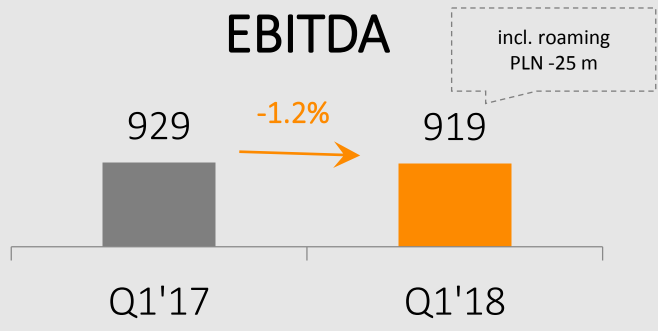
Results of the Group in Q1’18

Based on hitherto applicable IAS 18 standard

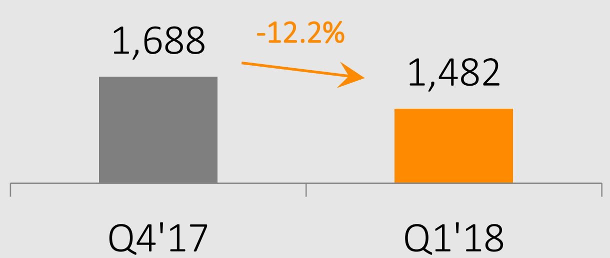
revenue



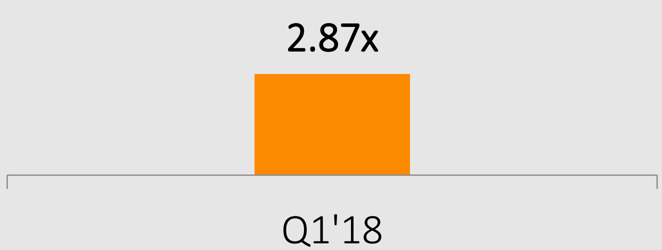
EBITDA



FCF



net debt/EBITDA LTM



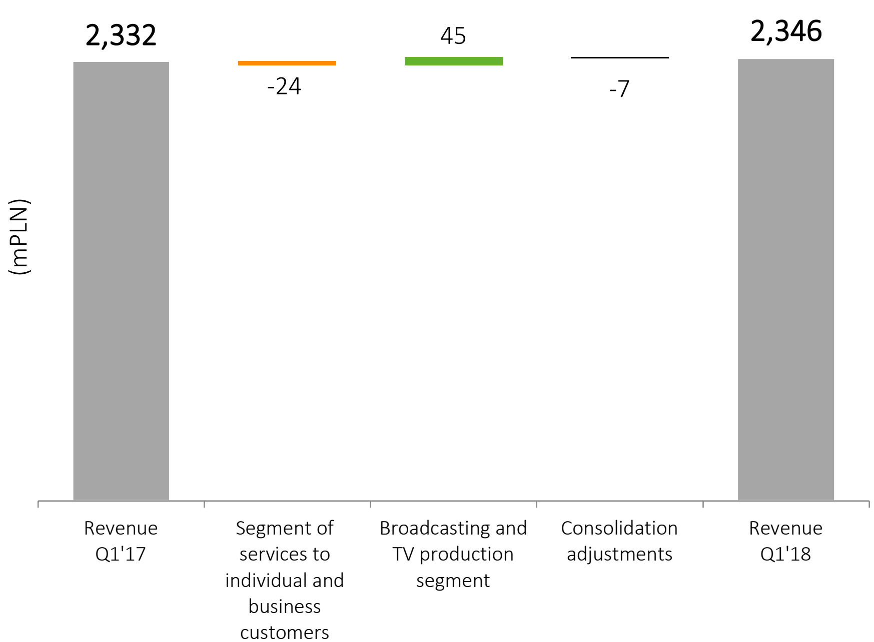
Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

Revenue and EBITDA – change drivers

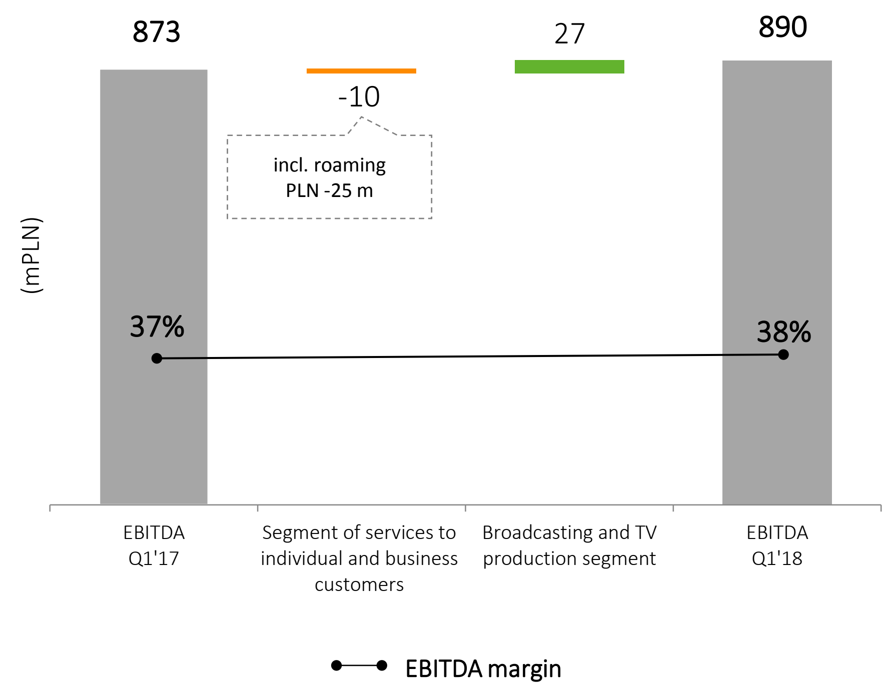
Based on currently applicable IFRS 15 standard

Revenue

YoY change	+1% +14 m



YoY change	+2% +17 m



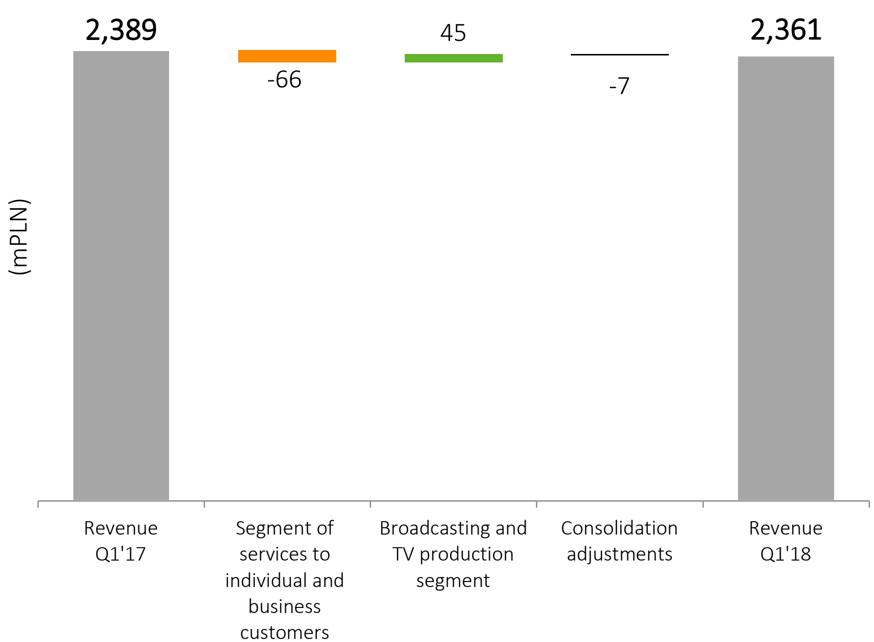
Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and own estimates relating to Q1'17

Revenue and EBITDA – change drivers

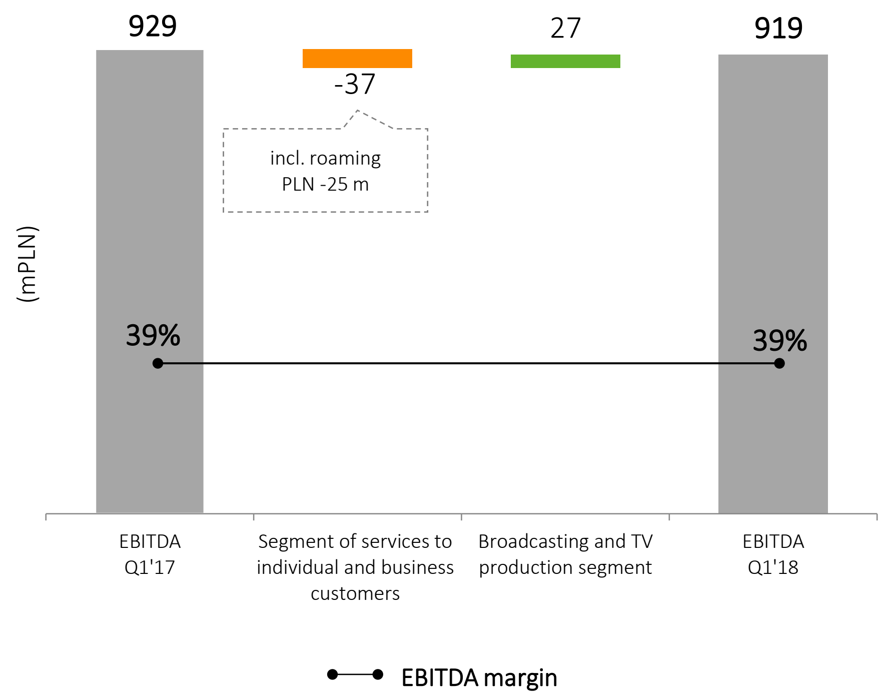
Based on hitherto applicable IAS 18 standard

Revenue

YoY change -1% -28 m



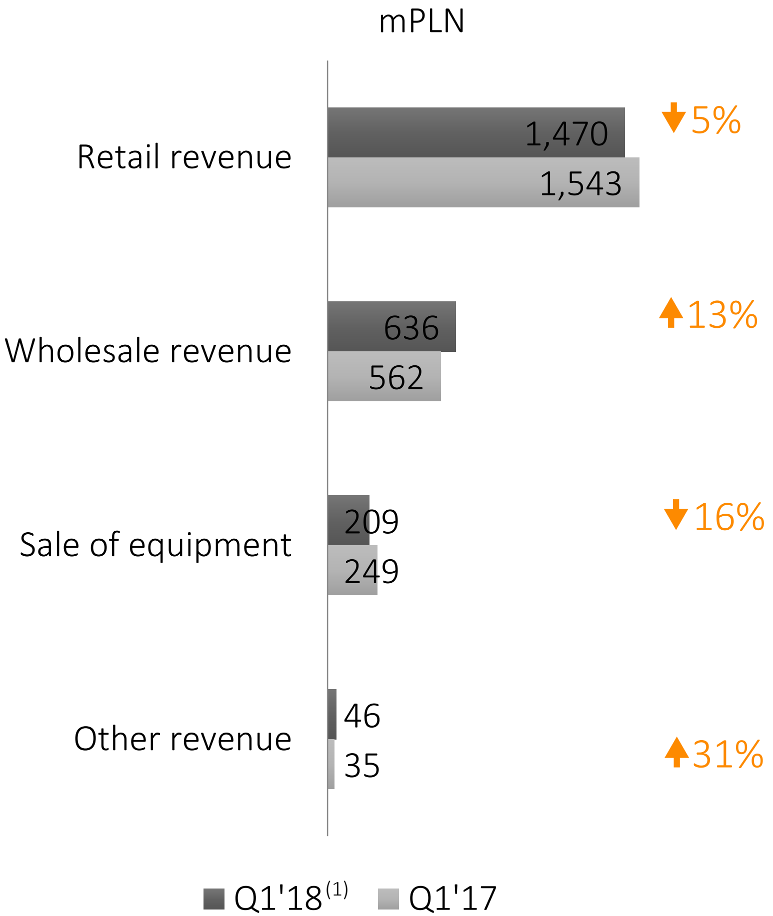
YoY change -1% -10 m



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

Revenue structure

Based on hitherto applicable IAS 18 standard

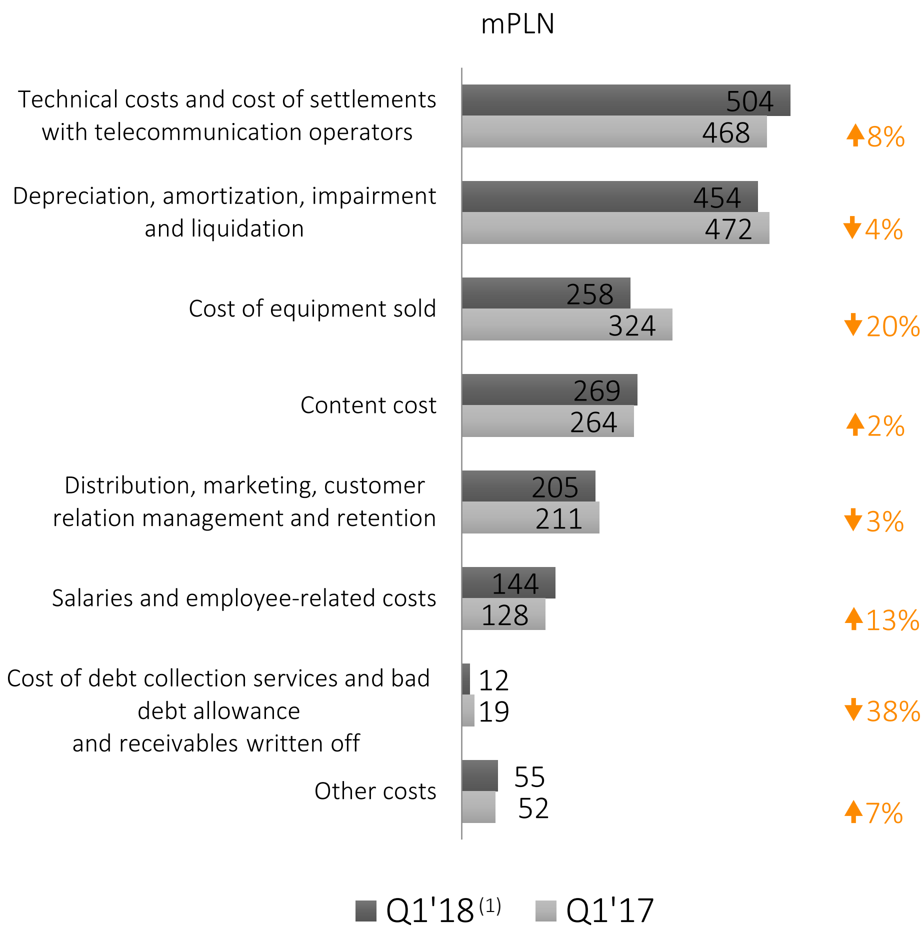


- The decrease of **retail revenue** was primarily due to lower revenue from voice services. In particular, the erosion of revenue from voice services resulted from the full implementation of the *Roam Like at Home* regulation, which imposed the levelling of retail roaming charges with domestic charges from June 2017, and the change in the model of offering equipment to retail customers. The decrease in retail revenue was partially compensated by higher revenue from pay TV.
- The increase in **wholesale revenue was** primarily due to higher advertising revenue, resulting from the increased pricing of TV advertising observed on the market in the first quarter of 2018 and the simultaneous inclusion of new TV channels to the Group's portfolio as well as higher revenue from interconnection services, which in turn was the result of the increasing volume of traffic exchanged with other networks.
- Lower revenue from **sale of equipment**, mainly due to a lower volume of sales of the end-user equipment, reflected also in the lower cost of equipment sold.

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Nota: (1) Based on hitherto applicable accounting standards

Operating costs structure

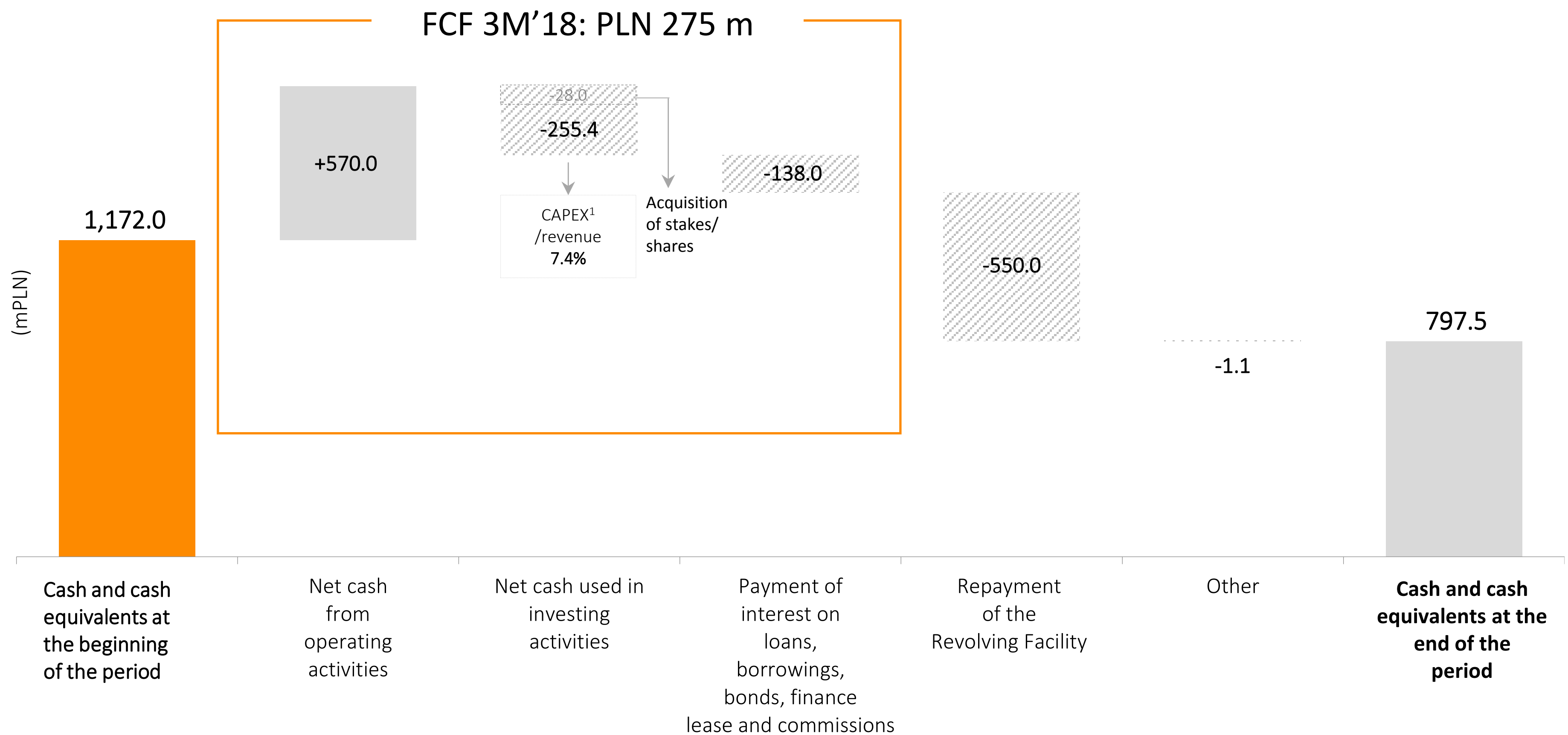
Based on hitherto applicable IAS 18 standard



- Increase in **technical costs** mainly as a result of higher costs of purchasing traffic in international roaming, related to a significant increase in the volume of traffic generated by Poles (effect of the *Roam Like at Home* regulation), as well as higher interconnection costs due to the growing volume of calls terminated by our customers in networks of other operators.
- Decrease in **amortization costs,** among others due to the termination of the amortization period of certain intangible assets, recognized upon the acquisition of Polkomtel in 2014, which was partially offset by shortening of the amortization period of certain tangible assets.
- Lower **cost of equipment sold** as a consequence of a lower volume of sales of end-user devices.
- Higher **salaries and employee-related costs** due to, among others, concluded acquisitions and the related increase in Group's headcount as well as an increase in average salary per employee (including a bonus provision).
- Lower **cost of debt collection services and bad debt** allowance mainly due to a lower cost of write-offs on off-billing receivables.

Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Nota: (1) Excluding the impact of IFRS15

Cash flow statement in Q1'18

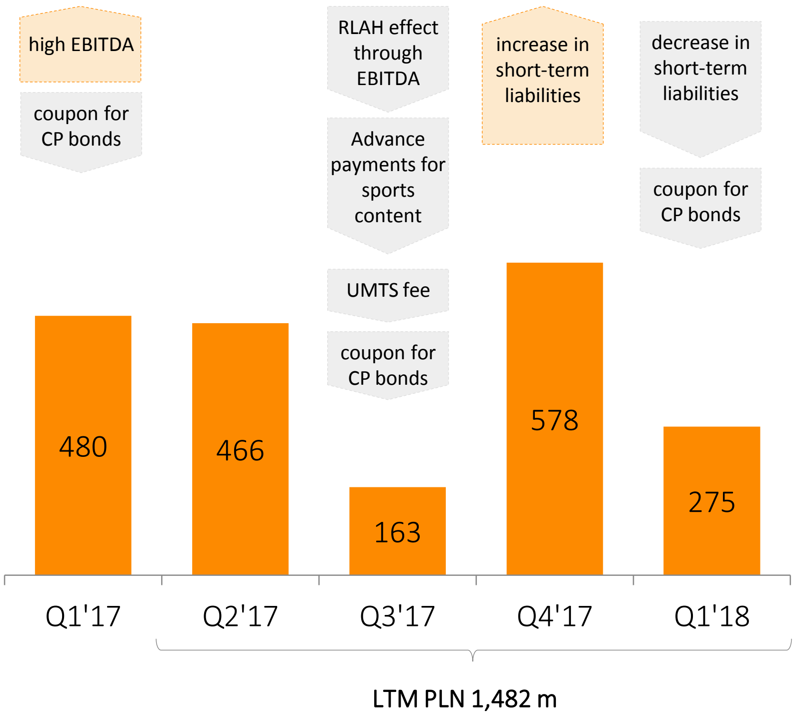


Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses
Note: (1) Expenses on the acquistion of property, plant and equipment and intangible assets

FCF – result in line with expectations

mPLN	Q1'18
Net cash from operating activities	570
Net cash used in investing activities	-255
Payment of interest on loans, borrowings, bonds, finance lease and commissions	-138
FCF after interest	**177**
Acquisition of stakes/shares	28
Investment funds outflows	45
One-off financing costs	26
Adjusted FCF after interest	**275**

Adjusted FCF after interest



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

The Group's debt

mPLN	Carrying amount as at 31 March, 2018
Combined Term Facility	9,578
Revolving Facility Loan	450
Series A Notes	1,007
Leasing and other	28
Gross debt	**11,062**
Cash and cash equivalents[1]	(797)
Net debt	**10,265**
EBITDA LTM[2]	3,578
Total net debt / EBITDA LTM	**2.87x**
Weighted average interest cost[3]	3.3%

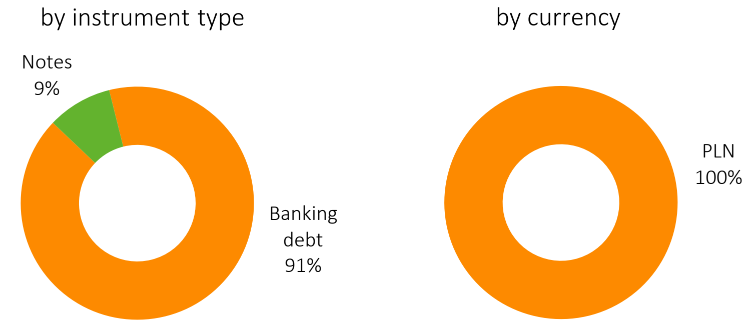
[1] This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

[2] In accordance with the requirements of the Combined Term Agreement EBITDA LTM takes into account the value of EBITDA for the second, third and fourth quarter of 2017 calculated on the basis of IAS 18 (in force until 31 December 2017) and EBITDA for the first quarter of 2018 years calculated on the basis of IFRS 15 (effective from January 1, 2018).

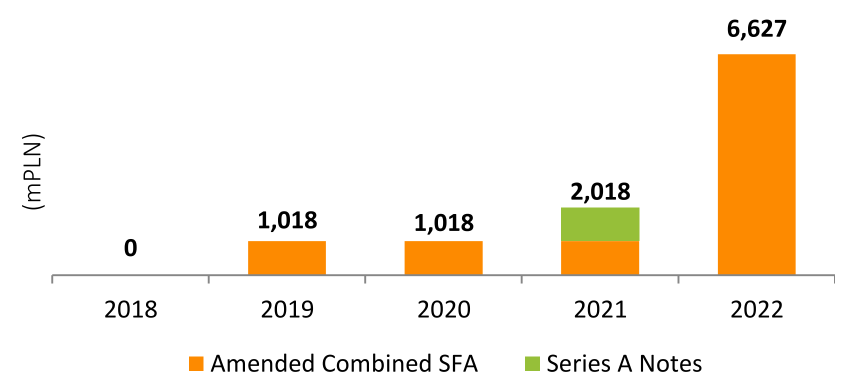
[3] Prospective average weighted interest cost of the Combined SFA (including the Revolving Facility Loan) and the Series A Notes, excluding hedging instruments, as at March 31, 2018 assuming WIBOR 1M of 1.64% and WIBOR 6M of 1.78%.

[4] Nominal value of the indebtedness as at 31 March 2018 (excluding the Revolving Facility Loan and leasing).

Debt structure[4]



Debt maturing profile[4]



Source: Consolidated financial statements for the 3-month period ended 31 March 2018 and internal analyses

Additional information

Major assumptions of capital resources management policy

Main goal	Permanent reduction of Polsat Group's debt to the level of net debt /EBITDA <1.75x
Additional goal	Return to regular, predictable dividend payments for the Company's shareholders • The assumptions of the dividend policy will be subject to periodic review

Assumptions of the dividend policy

net debt / EBITDA[1]	recommended dividend payout ranges
> 3.2x	no dividend payment proposed
2.5x – 3.2x	PLN 200 – 400 m
1.75x – 2.5x	25-50% of consolidated net profit
< 1.75x	50-100% consolidated net profit

net debt / EBITDA:

- calculated according to balance sheet values, based on the most recent, reported quarterly results
- net debt includes all the debt instruments, including also the *pay-in-kind* bonds

net profit:

- consolidated net profit of the Polsat Group for the previous full financial year

Note: EBITDA excluding the impact of IFRS16

Shareholding structure

Shareholder	Number of shares	*% of shares*	Number of votes	*% of votes*
Zygmunt Solorz, through	366,720,780	*57.34%*	540,267,031	*65.97%*
Reddev Investments Limited	*298,656,832*	*46.70%*	*472,203,153*	*57.66%*
Embud2 Sp. z o.o. Sp. K.A.	*58,000,000*	*9.07%*	*58,000,000*	*7.08%*
Karswell Limited	*10,000,000*	*1.56%*	*10,000,000*	*1.22%*
Argumenol Investment Company Limited	*63,948*	*0.01%*	*63,948*	*0.01%*
Others	272,825,236	*42.66%*	278,696,486	*34.03%*
Total	639,546,016	*100.00%*	818,963,517	*100.00%*

Note: As at April 26, 2018

KPIs – retail customer services

SEGMENT OF SERVICES TO INDIVIDUAL AND BUSINESS CUSTOMERS[1]	2016				2016	2017				2017	2018
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1
Total number of RGUs[2] (contract + prepaid)	16,531,833	16,711,541	16,545,653	16,524,936	16,524,936	16,216,128	16,273,840	16,410,325	16,522,597	16,522,597	16,579,337
CONTRACT SERVICES											
Total number of RGUs, including:	12,744,166	2,880,725	13,017,749	13,254,598	13,254,598	13,337,038	13,419,539	13,530,164	13,685,044	13,685,044	13,796,153
Pay TV, including:	4,560,267	4,632,246	4,679,114	4,766,429	4,766,429	4,785,947	4,835,534	4,882,505	4,942,640	4,942,640	4,984,391
Multiroom	*957,952*	*972,771*	*982,068*	*1,021,720*	*1,021,720*	*1,031,294*	*1,058,982*	*1,072,513*	*1,099,582*	*1,099,582*	*1,114,833*
Mobile telephony	6,536,366	6,559,223	6,616,579	6,730,427	6,730,427	6,785,002	6,810,999	6,864,787	6,932,676	6,932,676	6,997,850
Internet	1,647,533	1,689,256	1,722,056	1,757,742	1,757,742	1,766,089	1,773,006	1,782,872	1,809,728	1,809,728	1,813,912
Number of customers	5,893,225	5,862,310	5,860,884	5,882,804	5,882,804	5,847,401	5,819,386	5,791,841	5,776,598	5,776,598	5,743,832
ARPU per customer[3] [PLN]	87.0	88.4	88.6	90.7	88.7	89.1	89.6	88.4	89.0	89.0	88.7
Churn per customer[4]	9.8%	9.0%	8.5%	8.3%	8.3%	8.5%	8.6%	8.8%	8.8%	8.8%	8.5%
RGU saturation per one cusotmer	2.16	2.20	2.22	2.25	2.25	2.28	2.31	2.34	2.37	2.37	2.40
PREPAID SERVICES											
Total number of RGUs, including:	3,787,667	3,830,816	3,527,904	3,270,338	3,270,338	2,879,090	2,854,301	2,880,161	2,837,553	2,837,553	2,783,184
Pay TV	35,754	73,544	44,913	79,306	79,306	48,224	57,183	63,627	79,561	79,561	75,159
Mobile telephony	3,495,733	3,473,228	3,223,224	2,972,443	2,972,443	2,646,477	2,616,592	2,623,950	2,579,613	2,579,613	2,539,402
Internet	256,180	284,044	259,767	218,589	218,589	184,389	180,526	192,584	178,379	178,379	168,623
ARPU per total prepaid RGU[5] [PLN]	17.7	18.9	18.7	19.2	18.6	18.7	20.5	20.2	20.1	19.9	20.1

1) Customer - natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.
2) RGU (revenue generating unit) - single, active service of pay TV, Interneet Access or mobile telephony provided in contract or prepaid model.
3) ARPU per customer - average monthly revenue per customer generated in a given settlement period (including interconnect revenue).
4) Churn - termination of the contract with Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
5) ARPU per total prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue)

Key financial data

mPLN	Q1'16	Q2'16	Q3'16	Q4'16	2016	Q1'17	Q2'17	Q3'17	Q4'17	2017	Q1'18[1] (IAS 18 basis)	Q1'18[2] (IFRS 15 basis)
Revenue	**2,364.0**	**2,442.9**	**2,387.8**	**2,535.1**	**9,729.8**	**2,388.6**	**2,469.9**	**2,390.9**	**2,579.2**	**9,828.6**	2,360.7	2,345.9
Retail revenue	1,565.7	1,586.9	1,583.7	1,589.0	6,325.3	1,542.7	1,533.3	1,494.0	1,497.9	6,067.9	1,470.2	1,352.2
Wholesale revenue	599.8	645.0	562.9	658.4	2,466.1	562.1	652.3	588.4	735.8	2,538.6	635.9	635.9
Sale of equipment	172.8	191.1	221.3	265.6	850.8	248.6	243.3	264.5	298.8	1,055.2	208.6	317.5
Other revenue	25.7	19.9	19.9	22.1	87.6	35.2	41.0	44.0	46.7	166.9	46.0	40.3
Operating costs	**-1,948.0**	**-2,042.0**	**-1,938.7**	**-2,140.6**	**-8,069.3**	**-1,938.2**	**-1,962.8**	**-1,975.7**	**-2,139.2**	**-8,015.9**	-1,903.1	-1,917.1
Content costs	-248.5	-316.3	-252.1	-297.3	-1,114.2	-264.3	-298.4	-269.7	-321.2	-1,153.6	-269.4	-269.4
Distribution, marketing, customer relation management and retention costs	-200.5	-202.2	-202.6	-222,5	-827.8	-211.1	-215.9	-224.0	-243.3	-894.3	-205.2	-205.2
Depreciation, amortization, impairment and liquidation	-423.7	-527.5	-507.9	-512.4	-1,971.5	-472.3	-446.7	-429.2	-434.8	-1,783.0	-454.5	-454.5
Technical costs and cost of settlements with telecommunication operators	-550.3	-456.6	-459.2	-472.6	-1,938.7	-468.2	-483.5	-528.5	-533.8	-2,014.0	-504.5	-504.5
Salaries and employee-related costs	-137.9	-138.2	-130.5	-163.9	-570.5	-127.8	-133.7	-127.4	-164.2	-553.1	-143.8	-143.8
Cost of equipment sold	-326.8	-317.3	-330.5	-380.1	-1,354.7	-323.6	-318.8	-323.3	-357.9	-1,323.6	-258.5	-272.5
Cost of debt collection services and bad debt allowance and receivables written off	-9.6	-16.3	-5.7	-15.3	-46.9	-19.3	-16.3	-21.3	-10.5	-67.4	-11.9	-11.9
Other costs	-50.7	-67.6	-50.2	-76.5	-245.0	-51.6	-49.5	-52.3	-73.5	-226.9	-55.3	-55.3
Other operating income.,net	**6.8**	**6.6**	**-**	**-4.6**	**8.8**	**6.8**	**9.9**	**6.7**	**-2.1**	**-21.3**	6.7	6.7
Profit from operating activities	**422.8**	**407.5**	**449.1**	**389.9**	**1,669.3**	**457.2**	**517.0**	**421,9**	**437,9**	**1.834,0**	435.5	435.5
Gain/loss on investment activities, net	-35.2	-21.4	13.1	-26.3	-69.8	30.5	-14.4	-28.0	19.1	7.2	-3.4	-3.4
Finance costs	-182.7	-133.2	-127.3	-122.9	-566.1	-185.5	-113.3	-104.8	-105.4	-509.0	-72.6	-72.6
Share of the profit of a joint venture accounted for using the equity method	0.8	-0.8	-	-	-	-	-	-	-	-	-	-
Share of the profit of associates accounted for using the equity method									2.8	2.8	5.2	5.2
Gross profit for the period	**205.7**	**252.1**	**334.9**	**240.7**	**1,033.4**	**302.2**	**389.3**	**289,1**	**354,4**	**1,335.0**	393.5	364.7
Income tax	-27.2	-21.2	-65.1	101.1	-12.4	-30.8	-107.6	-54.2	-197.2	-389.8	-78.0	-72.5
Net profit for the period	**178.5**	**230.9**	**269.8**	**341.8**	**1,021.0**	**271.4**	**281.7**	**234.9**	**157.2**	**945.2**	315.5	292.2
EBITDA	**846.5**	**935.0**	**957.0**	**902.3**	**3,640.8**	**929.5**	**963.7**	**851.1**	**872.7**	**3.617.0**	918.8	890.0
EBITDA margin	**35.8%**	**38.3%**	**40.1%**	**35.6%**	**37.4%**	**38.9%**	**39.0%**	**35.6%**	**33.8%**	**36.8%**	38.9%	37.9%

1) Data presented in accordance with IAS 18 standard - they do not include the impact of the standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, applicable from January 1, 2018.
2) Data presented in accordance with standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. Data is not comparable to data for previous periods.

Glossary

RGU (Revenue Generating Unit)	Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.
Customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a **contract model**.
Contract ARPU	Average monthly revenue per **Customer** generated in a given settlement period (including interconnect revenue).
Prepaid ARPU	Average monthly revenue per **prepaid RGU** generated in a given settlement period (including interconnect revenue).
Churn	Termination of the contract with **Customer** by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
Usage definition (90-day for prepaid RGU)	Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.

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